



2018 Sustainability Report

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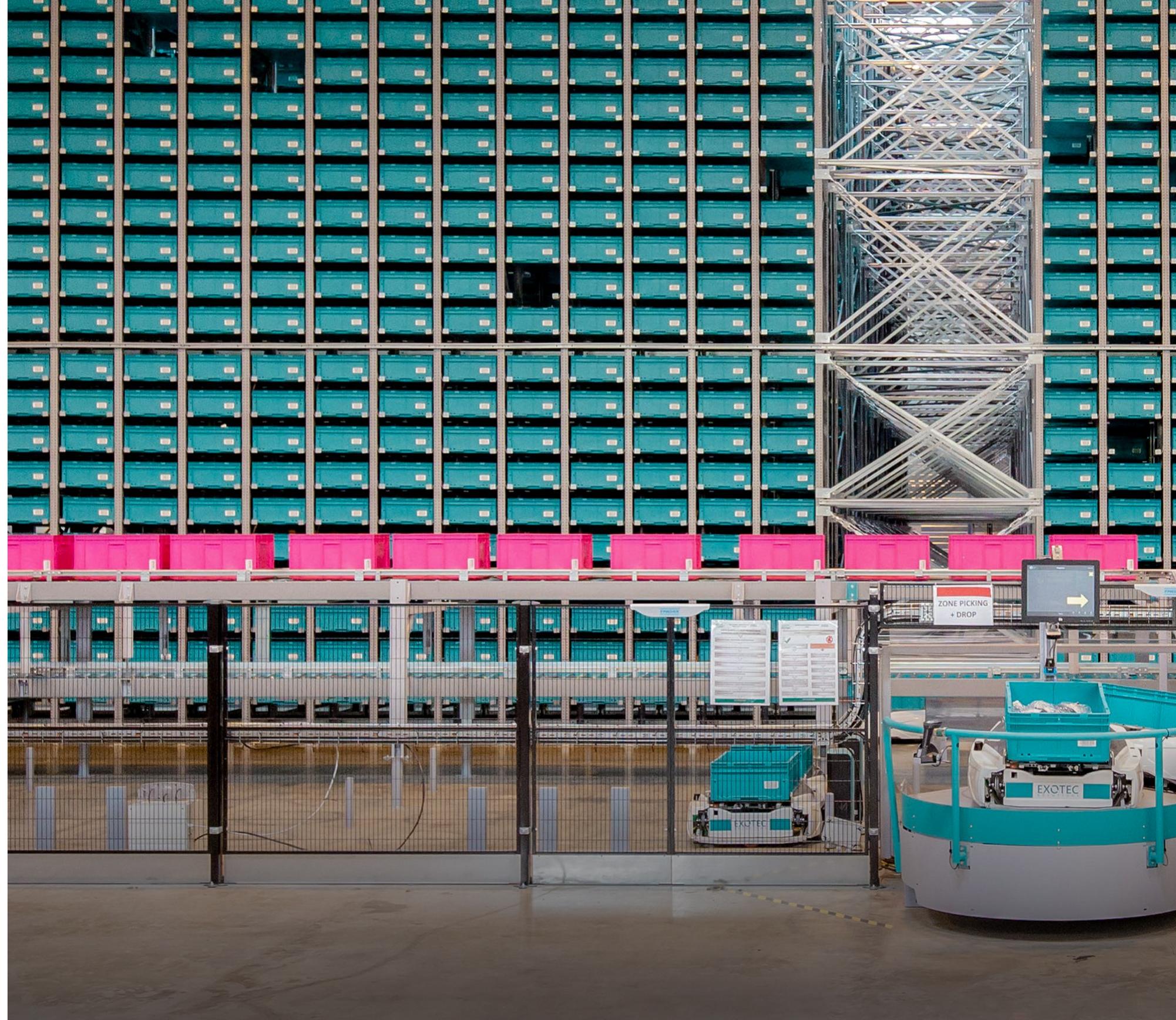
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About the Report

This XPO Logistics 2018 Sustainability Report details the company's objectives and progress in the areas of environmental sustainability, social initiatives and governance performance. Information about financial performance is not included in the report but can be found on xpo.com under the Investors tab and in XPO's public filings with the US Securities and Exchange Commission.

The information contained in this document reflects the global activities and initiatives undertaken by XPO during calendar year 2018. The company intends to issue updated Sustainability Reports annually.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core option, and in consideration of the Sustainability Accounting Standards Board (SASB) Sustainability Disclosure Topics and Accounting Metrics for the Transportation Sector: Air Freight and Logistics.





About XPO Logistics

At XPO, we're moving the world forward by changing the way business gets done. As a top 10 global provider of supply chain solutions, we provide our customers with an integrated network of transportation and logistics services powered by advanced XPO technologies.

XPO was founded in 2011 and became a leader in our industry in four years. We have strong operators in place, a motivated workforce, a collaborative culture and ambitious growth plans for each line of business. We identified innovation and customer service as priorities from the earliest days of our strategy. In 2018, we spent approximately \$500 million on technology worldwide, and we expect to increase our technology investment again this year.

Most important, XPO is purpose-driven. We know that our success depends on a strong governance structure, good corporate citizenship, inclusive workplaces, environmental responsibility and ethical business conduct that is beyond reproach.

I'm pleased to introduce XPO's inaugural Sustainability Report. It reflects our stance as a purpose-driven company – one where our employees can achieve their full potential by making meaningful contributions to the success of others.

We define our business as helping our customers manage their goods most efficiently throughout their supply chains. Our people understand that this isn't just about personal effort; it also requires a safe work environment, both physically and emotionally, as well as integrity, fairness, diversity, environmental stewardship and strong governance. We empower our people to do the right thing for their colleagues, customers, communities and our investors.

When I look at 2018, two things stand out as being particularly important. One is our development of gold-standard benefits for women and families in the US. For example, an employee of XPO who becomes a new parent through birth or adoption can qualify for up to six weeks of 100% paid leave as the infant's primary caregiver. Secondary caregivers can qualify for up to two weeks at 100% pay. This is in addition to significant accommodations during pregnancy.

While pregnant, a woman can request accommodations without fear of retaliation. Many accommodations are an "automatic yes," while more extensive work arrangements are easily determined with input from her doctor. She receives up to 20 days of 100% paid prenatal leave for health and wellness and preparations for her child's arrival. Importantly, XPO guarantees that she'll continue to be paid her regular base wage rate while her pregnancy accommodations are in effect, and she remains eligible for wage increases.

Another area of focus for us is environmental protection. This is particularly relevant in our transportation segment. In Europe, where multimodal combinations of rail, river, sea and road transport are feasible, we're using our technology to tailor door-to-door solutions that minimize environmental impact. In Spain, we own high-capacity mega-trucks that reduce road miles and cut CO2 emissions by as much as 20% for the same freight volume. In France, we've expanded our fleet of liquified natural gas trucks, which generate up to 70% less NO2 emissions than the Euro VI Standard. In Italy, we introduced electric vehicles in 2018 to move freight within the city of Florence. And, in North America, we deployed new routing technology for our less-than-truckload service to reduce empty miles going forward and

improve the fuel efficiency of our customers' supply chains. While we're pleased with our progress, we're still a young company and there's much more we can do. One of the benefits of this inaugural process is that it helps us envision future reporting. For 2019, we'll have the opportunity to look at our performance relative to baselines and provide additional insights.

On a personal level, I want to thank our employees for embracing our vision. In 2018, we solicited input from our global workforce in redefining XPO's values as safe, respectful, entrepreneurial, innovative and inclusive – this provides the cultural support for our commitment to sustainability. We'll continue to stay true to our values as we build an enduring XPO.



Bradley S. Jacobs
Chairman and Chief Executive Officer
XPO Logistics



Company Profile

XPO provides pivotal supply chain solutions to the most successful companies in the world. Our highly integrated network of people, technology and assets helps customers manage their goods most efficiently throughout their supply chains.



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XPO

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Company Profile

In 2018, we reported more than **\$17 billion of revenue**, approximately **65%** of which came from our transportation services. The other **35%** came from logistics services, which we sometimes refer to as supply chain.

XPO's Global Operations

- More than **50,000 customers**
- A talent base of over **100,000 employees**, including **1,700 technologists**
- **1,535 locations** in **32 countries**
- Trusted daily with the management of approximately **160,000 ground shipments** and more than **7 billion inventory units**

Transportation

XPO offers an unmatched range of ways to move freight using the optimal mode or a combination of modes:

- Full truckload via brokered, contracted and owned truck and trailer capacity
- Less-than-truckload
- Last mile delivery, assembly and installation of heavy goods via contracted capacity
- Intermodal rail

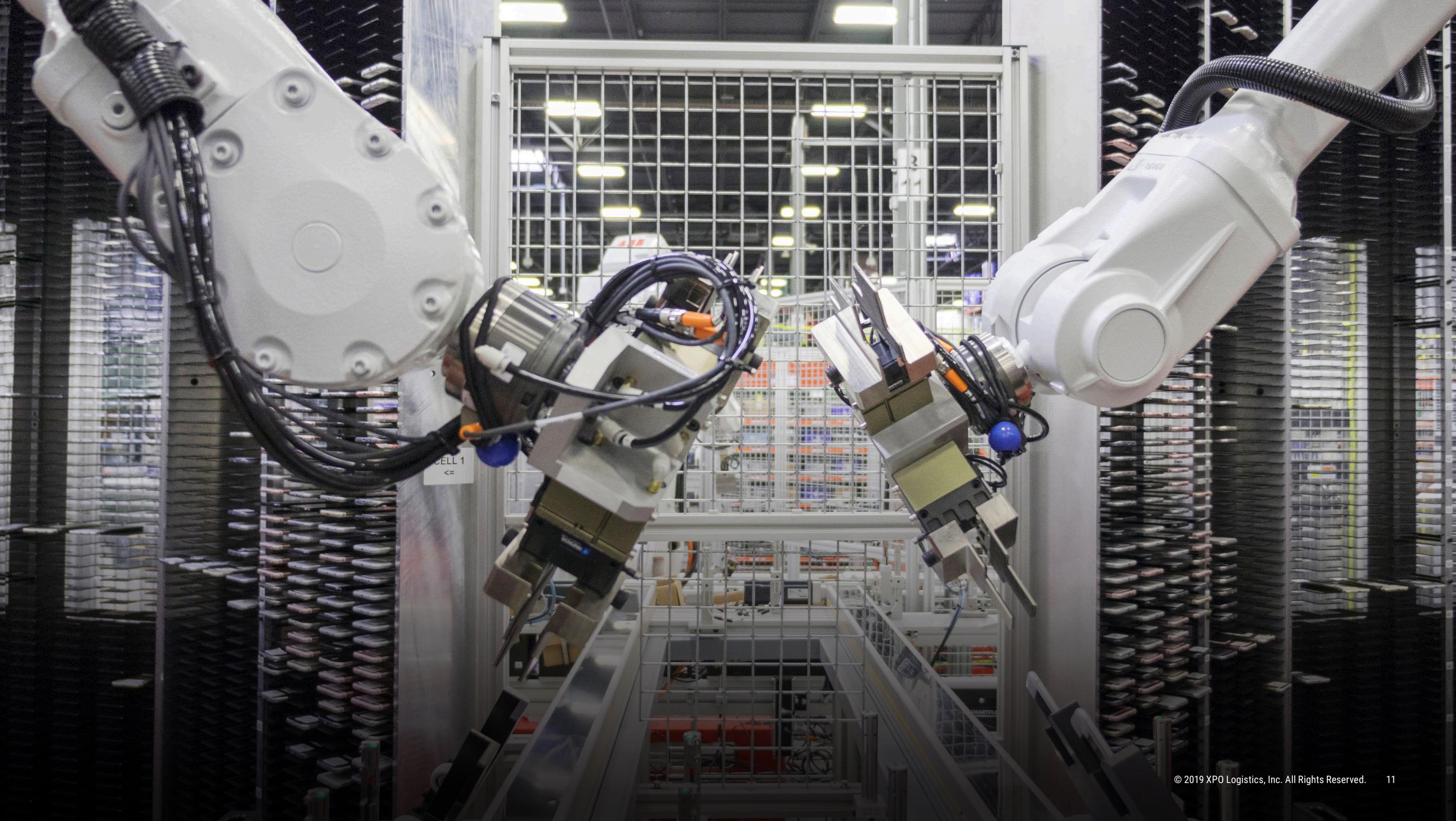
Logistics

XPO solves complex supply chain requirements for all types of goods, using a range of contract logistics and engineered solutions:

- High-value-add warehousing, fulfillment, distribution and inventory management
- Advanced automation, proprietary analytics and other XPO technology
- E-commerce and omnichannel specialization
- Returns management (reverse logistics)

XPO's Complementary Range of Services includes:

- The largest last mile logistics provider for heavy goods in North America
- The largest manager of expedited shipments in North America by ground, air and transportation management system (TMS) technology
- The second-largest contract logistics provider worldwide, and the largest outsourced e-fulfillment provider in Europe
- A top-three provider of less-than-truckload (LTL) transportation in North America, and a leading LTL provider in western Europe
- The second largest freight broker worldwide, with the largest owned road fleet in Europe
- The third-largest provider of intermodal in North America
- A global provider of managed transportation
- A global freight forwarder



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Company Profile

Why Customers Choose XPO

As one of the largest supply chain service providers in the world, our capabilities help propel companies, industries and economies. Customers of all sizes benefit from our global scale and density, highly engaged workforce, broad range of solutions, and innovative technology. We use our expertise to help our customers become more efficient, lower their costs and realize sustainable competitive advantages.

Recognitions

Our determination to lead by example has earned accolades from numerous trade and business sources. We thank our employees for helping create the culture that has led to these and other recognitions:

- Named one of the **World's Most Admired Companies** by *Fortune*, 2018 and 2019, and ranked first in our category in 2019
- Named to the **Fortune Future 50 list of US companies best positioned for breakout growth**, 2018
- **Ranked #7 of the Glassdoor Top 20 UK companies** with the best leadership and culture at work, 2018
- **Ranked #67 of Largest US Employers** by *Fortune*, 2018
- CEO Bradley Jacobs ranked #10 on Barron's readers' list of **World's Best CEOs**, 2018
- Named a **Worldwide Leader in the Magic Quadrant** for Third-Party Logistics Providers by *Gartner*, 2018
- Awarded **Company of the Year for innovation** by Assologistica (Italy), 2017, 2018
- Named a **Top 75 Green Supply Chain Partner** by *Inbound Logistics*, 2016, 2017, 2018
- Recognized by Nissan (Europe) **for logistics excellence**, 2015, 2016, 2017, 2018

Memberships and Partnerships

- Achieving Women's Excellence in Supply Chain Operations, Management and Education (AWESOME)
- Consumer Technology Association
- American Benefits Council
- Council of Supply Chain Management Professionals (CSCMP)
- National Safety Council
- Retail Industry Leaders Association (RILA)
- SmartWay® Partner, US Environmental Protection Agency
- University of Tennessee Advisory Board
- National Federation for Road Transport (France)
- National Union for Refrigerated Warehouses (France)
- National Union for Refrigerated Transport (France)
- National Union of Transport and Logistics Experts (Russia)
- Logistics Association Germany
- Food Storage & Distribution Federation (UK)
- Royal Society for the Prevention of Accidents (UK)
- British Safety Council (UK)
- Freight Transport Association (UK)
- The Chartered Institute of Logistics & Transport (UK)



Approach to Sustainability

Our approach to sustainability – and all areas of our business – is one of purpose-driven progress rooted in innovation. We work to promote environmental, social and organizational sustainability through the decisions we make and our interactions with colleagues, customers, suppliers and other stakeholders.



Approach to Sustainability

We believe that sustainability is essential to our company's long-term viability for two reasons: first, it's good for business and the right thing to do. It fosters equitable workplaces for our employees both now and in the future. It's also important to many of our stakeholders; they want to do business with partners who participate in the transition to a low-carbon economy.

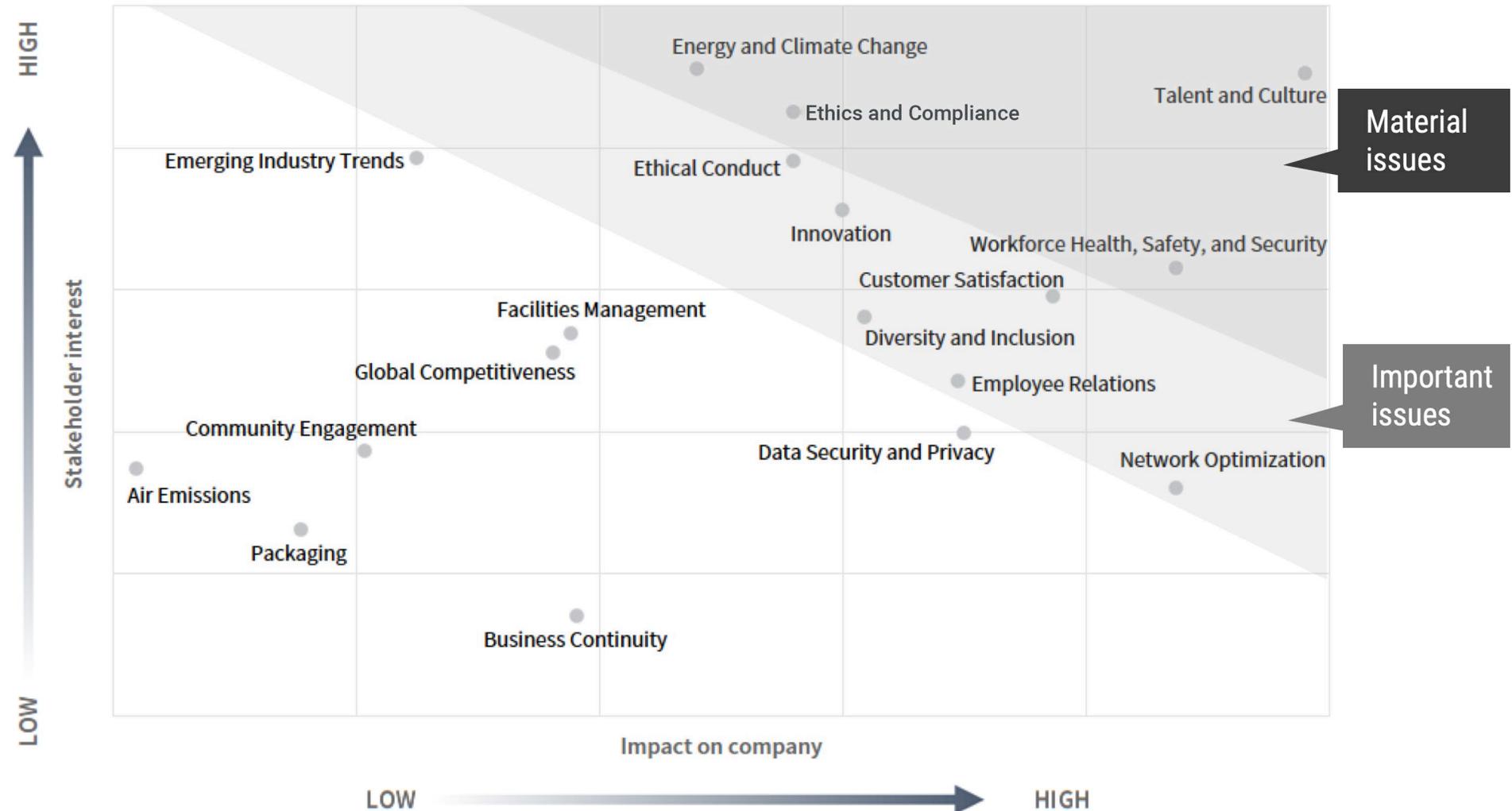
Materiality

In late 2018, we conducted a global materiality analysis to identify the key issues that are material and important to our business. In doing so, we considered the expectations of our internal and external stakeholder groups and analyzed various opportunities and risks to the business.

In cooperation with an independent firm, we undertook a comprehensive review of the environmental, social, governance and economic topics most relevant to XPO and our stakeholders. We interviewed members of our executive leadership team, surveyed internal subject matter experts from our business units, and conducted a desk review of documents representing the global views of external stakeholders.

The results of our analysis are mapped onto the matrix to the right. The four issues that rated highly in terms of materiality – Talent and Culture; Workforce Health, Safety and Security; Ethics and Compliance; and Energy and Climate Change – are in the upper right quadrant. XPO's material issues are those that are deemed of highest priority to our company and our stakeholders. We also recognize a second set of issues that are identified as important to our company and our stakeholders. These results allow us to better define our sustainability strategy and disclosure priorities.

XPO Logistics: 2018 Materiality Matrix





People and Culture

Our people are our greatest strength as a company and the bedrock of our organization. That's why our highest priority is to provide a rewarding workplace that's safe, welcoming and supportive of professional development. We actively look to recruit individuals who are passionate about making a difference at every level. Whether it's through improving business processes or volunteering for charitable causes, we're at our best when each of us seeks to better the lives of those around us. This communal sense of responsibility connects our team worldwide as One XPO.



XPOLogistics

People and Culture

We're focused on envisioning new ways to innovate customer service, building equitable workplaces and leaving a smaller ecological footprint. Our success is not characterized solely by financial returns for our investors, but also by our continued ability to create sustainable value for all our stakeholders.

Workforce

More than 100,000 outstanding colleagues comprise our XPO team worldwide. As of December 31, 2018, total headcount in North America was 48,924 employees, not including temporary workers or agency staff. In Europe, total headcount was 49,020, not including agency staff. In both North America and Europe, our supply chain operations employ the most workers. In Europe, headcount increased 4.4% compared to 2017, and in North America, headcount increased 7%. In both cases, these increases were primarily due to growth in supply chain.

As of December 31, 2018, almost half of the company's US employees worked either as warehouse staff (19%) or as drivers (28%). In Europe, more than three-quarters of employees worked either as warehouse staff (51.6%) or as drivers (23.7%). The percentage of managerial staff was 7.8% in North America and 9.3% in Europe.

Approximately 90% of XPO employees in Europe, and more than 97% of XPO's North American employees, work under permanent, full-time employment contracts.



In 2018, the average annual wage increase was 8% for US warehouse employees. More than 30% of US warehouse employees received a wage increase of 10% or more.

Our values, our culture

Just as our business has evolved since 2011, so too have our values. In 2018, we worked as a global team to redefine our core values, drawing on the collaborative spirit of XPO. Five meaningful traits emerged through a company-wide effort, including a global survey. These values best describe how we think about our business and how we care for our customers and each other. **We are:**

Safe: We put safety first – for each other, our communities and our environment. We do things the right way, the first time. Our workplaces are collaborative and supportive. We take care of each other and we constantly seek to improve safety throughout our operations, from trucks and docks to warehouses and data centers.

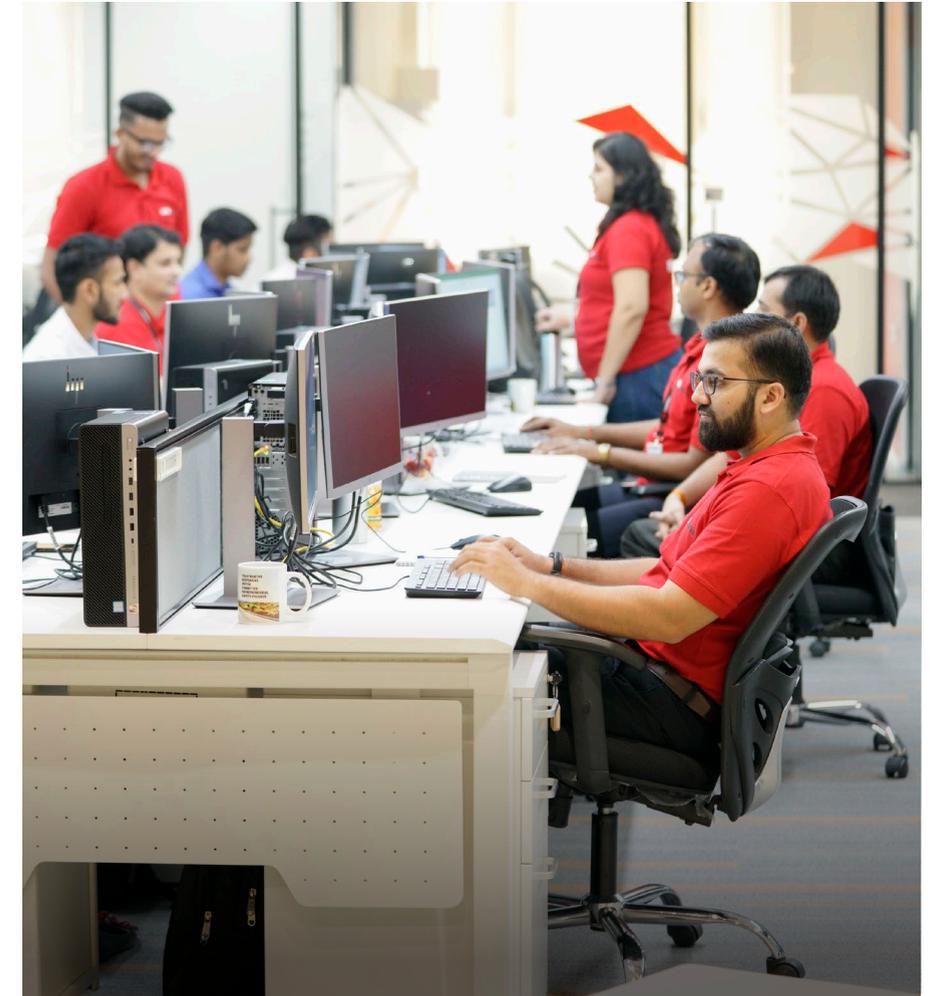
Respectful: We listen. We're leaders in creating new markets, spotting unnoticed opportunities and discovering smart ways to tackle challenges because we listen to our employees, our partners and our customers. We pull together to reimagine how business gets done. Respect for each other's individual strengths drives this collaboration.

Entrepreneurial: We approach challenges by asking, "What if?"

We're boldly optimistic about reinventing industries and shaping the future of how business can meet customer needs. We embrace change. That's how we discover original ways to solve challenges and create wins for our customers and their customers.

Innovative: We're curious. We push boundaries through game-changing ideas – the kind of advances no one else thinks are possible. We have the passion to invest in pioneering technologies that will help our customers come out on top.

Inclusive: We take pride in making our workplaces respectful and inclusive. By welcoming women, people of color, LGBTQ+ individuals and those who are differently abled, we create a diversity of talents and perspectives. We stand for integrity, celebrate individuality and know we can always learn more from each other, our customers and the communities we serve.



In 2018, more than 32,000 XPO employee engagement survey responses were received and reviewed by management, with numerous suggestions adopted as action plans.



In 2018, XPO launched its Citizen Award program to honor employees who best exemplify XPO's values. Our first Citizen Award recipient was Steve Ramage, a 10-year driver for our less-than-truckload business, who was recognized for his commitment to safety. Steve was traveling on an Illinois highway when he came upon an accident involving two vehicles, one of which was engulfed in flames. Steve and another motorist stopped to help and used a fire extinguisher to break the back window of the car, pulling the driver to safety and administering aid until first responders arrived. The driver survived, thanks in part to Steve's quick actions.

People and Culture

Employee Engagement

XPO's success is rooted in an interdependent workforce – in other words, to succeed, we must work together as team. We must speak openly, act honestly and lift each other up. Our approach to employee engagement reflects our commitment to be of service to one another.

XPO's management style is based on active listening. We have a "speak up" culture in which employees are encouraged to contribute ideas and voice concerns. Our open-door policy exists because we know that the honest suggestions and concerns of our coworkers are the surest path to improvement, and we're successful in this collaborative approach because we welcome diverse points of view.

We use many different communication channels, including quarterly employee surveys, roundtable discussions, a robust virtual community and town hall meetings led by executives to ensure that employee voices are heard. Our CEO is active in communications throughout the year: through email groups, within our digital Workplace community, at physical sites around our network and in leadership meetings with our operating executives. The feedback from all channels is taken seriously and codified, so that management can be as responsive as possible.

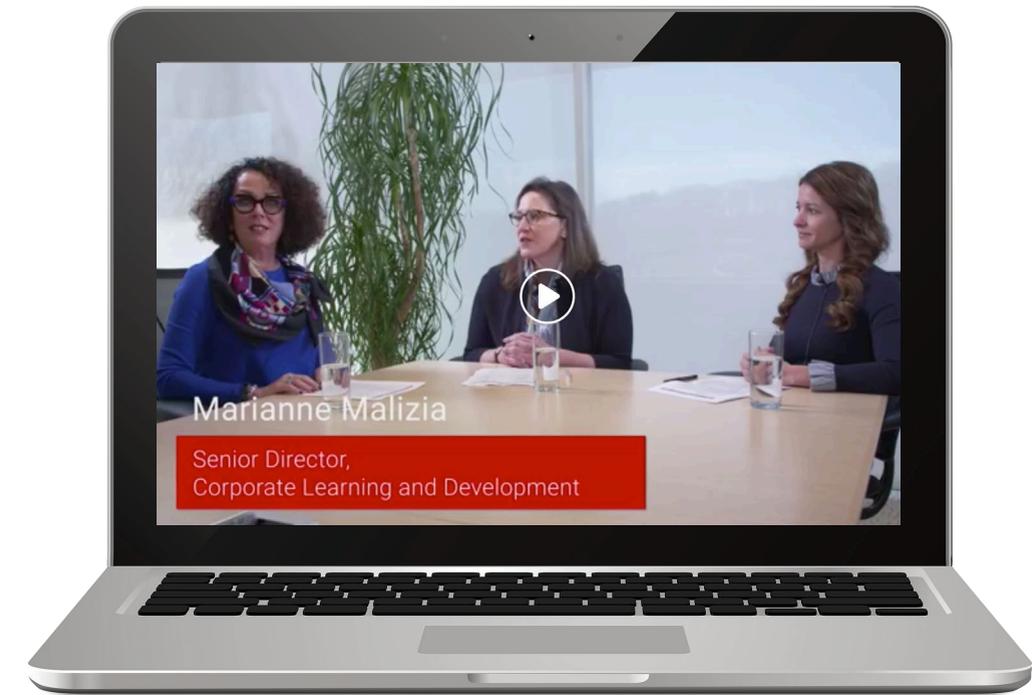
In Europe, we regularly conduct in-country satisfaction surveys, such as those carried out in 2018 in France, Italy and the Netherlands, which complement our quarterly global employee survey. Many sites put great effort into translating the engagement survey feedback into concrete actions. For example, a workshop was held for sites in France following the survey, sharing the results and building action plans, as well as sharing ideas for local implementation. Another great example is in Italy, where,

following the survey, in which there was 72% participation, focus groups were brought together to share their first-hand feedback and ideas. One of these ideas was the formation of Development Action Groups, made up of representatives from across the Italian business to generate ideas and put into action.

Employee Benefits

One of the most important ways that we support the needs of our employees and their families is through a comprehensive benefits package. In 2018, company-wide feedback – specifically from our quarterly employee surveys in the US – played a significant role in determining how XPO would expand its benefit programs to best serve employee needs. In 2019, US employees have access to important new benefits with no cost increase in monthly premiums:

- **New Pregnancy Care Policy.** In 2018, XPO introduced its Pregnancy Care Policy that's among the most progressive not only in our industry, but in any industry. The policy exceeds current US law and guarantees certain automatic accommodations for pregnant employees and consideration for more significant accommodations. This took effect January 1, 2019.
- **New Family Bonding Policy.** In 2018, XPO introduced paid leave for parents to bond with their newborn or newly adopted child. Primary caregivers receive 100% of pay for six weeks, and secondary caregivers receive 100% of pay for two weeks. This took effect January 1, 2019.
- **Shorter waiting period for short-term disability.** The waiting period before disability payments begin has been shortened to seven days for employees who need time off for pregnancy, childbirth or to recover from an illness or injury. This took effect January 1, 2019.



XPO Wise

In 2018, we introduced the Women's Inclusion Series (WISE) of interactive forums. Run by women leaders of XPO, these quarterly forums give participants an opportunity to discuss career topics important to women and learn from each other.

- **Dependent coverage through year-end.** For employees with dependent children, coverage now continues through the end of the calendar year that the dependent turns age 26, instead of ending on the last day of the birthday month.
- **Medical plan improvements.** New options can reduce payroll deductions for employees, depending on the medical plan chosen (e.g., lower PPO office visit copays, higher HRA Fund contributions, and lower HSA Plus and HRA deductibles).
- **Enhanced prescription drug coverage.** For generic prescriptions, employees pay a maximum of \$10 for each retail purchase and \$25 for each mail-order purchase (after deductible in HSA plans).
- **More options for new hires.** All newly hired XPO employees are eligible for benefits on their first day of work and can choose any medical plan offered by XPO; previously, only one plan was available in the first year of employment.
- **401(k) match and employee stock purchase program (ESPP).** XPO increased the company match to 4% for employee 401(k) contributions. In addition, the company's Employee Stock Purchase Program makes it more affordable for employees to buy XPO stock.
- **No healthcare premium increase.** Although healthcare costs continue to rise, XPO maintained 2018 monthly premium rates on most employees' share of costs for 2019.
- **Annual tuition reimbursement.** Effective January 2019, every US XPO employee—hourly and salaried—is eligible to receive up to \$5,250 annually in tuition reimbursement to pursue continuing education.



Pregnancy and Family Benefits

Under US federal law, and within many corporations, pregnancy is classified as a disability and maternity benefits are provided through a short-term disability benefit. XPO does not view pregnancy as a disability, but as a natural occurrence that should be accommodated in the workplace.

In December 2018, XPO announced a stand-alone Pregnancy Care Policy that is a gold standard; it's progressive not just for our industry, but for any industry. The Pregnancy Care Policy provides certain "automatic yes" accommodations and other work adjustment accommodations for pregnant employees based on their individual needs. The policy, which covers all US hourly and salaried employees and all full- and part-time employees, provides up to 20 days of 100% paid leave for pregnancy-related health and wellness time off and guarantees that a pregnant employee will continue to be paid her regular base wage rate while accommodations are in effect. In addition, the employee will remain eligible for any wage increases that occur during her accommodations. More information about our Pregnancy Care Policy is available at www.xpobenefits.com.

People and Culture

Labor Philosophy

As a global leader in transportation and logistics, we operate in an industry where speed, flexibility and collaboration are the differences between success and failure. To remain an industry leader, we must deliver outstanding customer service. This requires a commitment from every employee to work as a team.

In Europe, XPO maintains productive working relationships with its union partners. Approximately 68.3% of our European employees are covered by a collective bargaining or similar agreement. Nationally, this rate varies, primarily due to differences in labor relations practices between countries. In 2018, our European representatives engaged in 378 contract negotiations, resulting in 221 agreements being signed regarding mandatory annual negotiations, profit sharing or pre-electoral agreements.

In the US, our employees have largely declined union representation, believing that we can best achieve our shared goals by maintaining our collaborative relationships. In 2018, XPO received five petitions for union representation – two in our supply chain business and three in our less-than-truckload (LTL) business. Regarding the two petitions in supply chain, employees voted to decline union representation at the first location and the petition filed at the second location was withdrawn by the union prior to the scheduled election. Regarding the LTL petitions, the National Labor Relations Board scheduled three elections at the petitioned service centers. The union withdrew its petition prior to one of the scheduled elections. One election resulted in employees voting to decline union representation, and the other election resulted in 24 employees voting to join the union.



XPO is currently negotiating in good faith with union representatives for a first contract at six LTL service centers and one LTL maintenance shop, involving a total of fewer than 400 employees.

Community Engagement

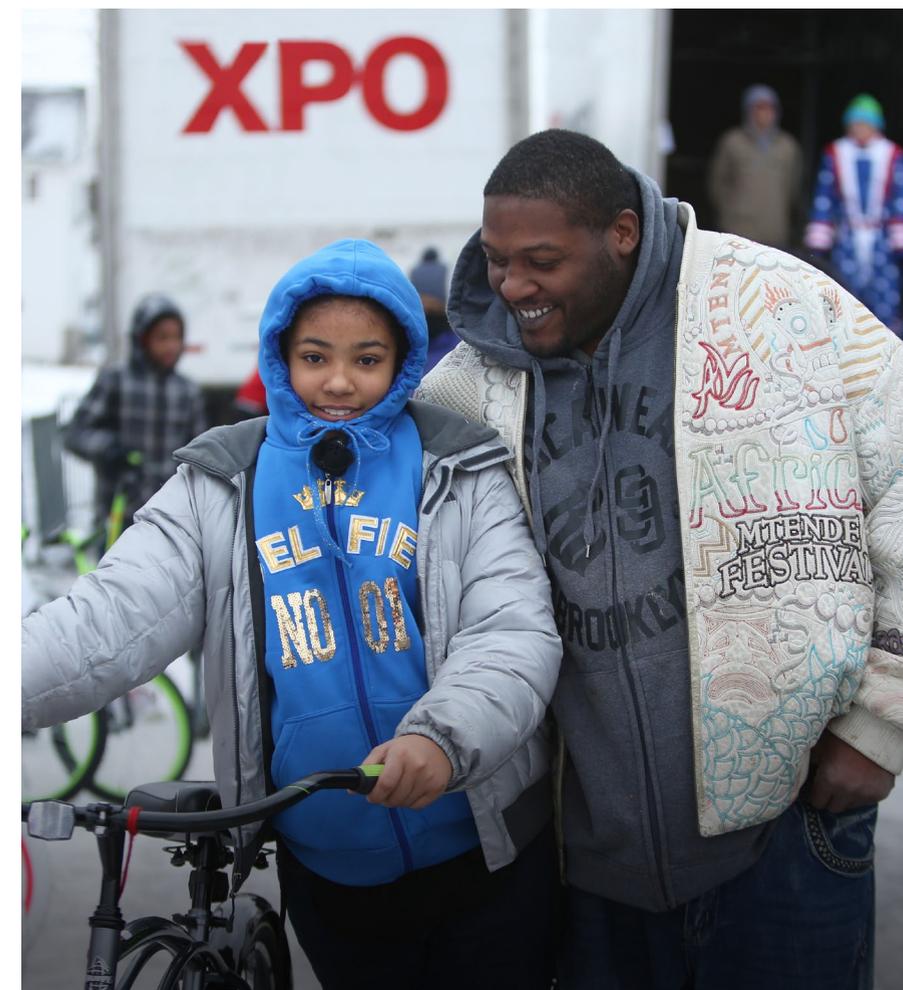
XPO employees are driven to give back, and they take pride in contributing to their communities. In 2018, there were hundreds of examples of XPO and our employees providing service to the communities where we live and operate. For example:

- **United in Giving** is a community effort led by our UK team. Over the 2018 holidays, approximately 7,500 employees participated in a food drive that stocked 34 food banks with more than four tons of food, setting a new milestone for the annual campaign.
- For 13 years, we've partnered with **Elves & More of Northeast Ohio**, a non-profit that gives children in need the gift of a new bicycle in December. Elves & More was co-founded by Tim House, who asked his childhood best friend and XPO driver Joe Caliri to help him manage the non-profit's logistics. XPO has been the transportation partner of Elves & More since its inception.
- XPO's supply chain team sponsored five **Make-A-Wish** families in central and western North Carolina, marking the third year we've sponsored the charitable foundation.
- Don Rolon, an XPO driver in Rockford, Illinois, is the idea man behind **Fill the Truck for the Veterans, Kittens & Pups**, an annual community drive that marked its fifth year in 2018. With his fellow XPO employees and their families, Don has collected and delivered thousands of pounds of pet food, cat litter, toys, cleaning products

and other items to local animal shelters. In 2018, the team raised \$2,145 for the Circle of Change Veterans Dog Program and gathered more than 10,000 pounds of donated pet food, litter and cleaning supplies valued at more than \$15,000.

- In France, XPO employees collected more than 1,000 toys and books during an annual drive in partnership with our company's LTL transport agencies. XPO donated the items, as well as trucking and pallet distribution services, to the **Emmaüs Association**, which combats poverty and exclusion.
- **XPO Cares** is a special fund created to provide financial assistance to employees who have been affected by natural disasters. Administered by E4E Relief, the leading US non-profit provider of employee disaster relief funds, XPO Cares helps ensure that our employees and their families have the financial assistance they need in the immediate aftermath of a natural disaster. The fund is maintained with employee donations and company contributions.
- In 2018, an employee represented XPO in Uganda for six months, working with **Transaid** to help the local government overcome transportation challenges, including road safety and the transportation of medicines to and from remote communities and medical centers.
- After Hurricane Michael struck the Florida Panhandle in October 2018, XPO partnered with the Tampa Bay Buccaneers to gather community donations of toiletries, clothing, household goods and other essential items. XPO volunteer drivers took two 28-foot trailers full of donations to communities in need.
- Continuing a 25-year tradition, XPO's supply chain employees in High Point, North Carolina partnered with **United Way** in 2018.

Approximately 75% of the more than \$1.7 million in donations generated by this partnership over the years has come through the efforts of the High Point team.



People and Culture

Recruitment and Development

Today, our industry faces one of the most competitive hiring environments in recent history, which makes it even more important that we're seen as a company where people can enjoy rewarding careers. We want prospective employees to feel the excitement we feel about our business and be eager to join us.

In 2018, XPO received more than 80,000 online job applications per month through our career site. We work hard to identify what attracts candidates to our company, and we drill down by market and job function to develop targeted recruitment strategies. We also focus on making sure that our compensation remains competitive, with a schedule of merit increases based on employee tenure.

We proactively recruit through advertisements tailored for individual roles, and we use a range of different sources to scan for potential candidates. For example, through our recruiting partnerships, we advertise open positions on recruitment websites targeted toward women, LGBTQ+ individuals, African-Americans, Hispanics, veterans and those who are differently abled. Our goal is to identify candidates who have the skills our customers need – or the desire to learn those skills – so we can help them thrive. When job candidates look at XPO, they see a

cutting-edge company that respects individuals and provides opportunities to make a difference.

Supervisors hold a key role within our operations. When we hire or promote a supervisor at one of our logistics sites, for example, we try to choose an individual who reflects the local community and the diversity of the hourly employee base at that location. We screen candidates for strong managerial and communication skills, and we train them to succeed from their first day in their new roles.

We also use inclusive recruiting practices for corporate management. For all openings at the vice president level and above, a diverse slate of candidates must be presented for consideration. At a minimum, this must include three candidates, at least one of whom qualifies as representing diversity of gender or an underrepresented group. The definition of diversity depends on the hiring jurisdiction, but typically it includes gender and underrepresented groups.

Learning and Development

Our culture is built on embracing positive change. Our training and development programs are designed to give employees at all levels the opportunity to continue their professional growth. For example:

- **XPO University** is our e-learning portal where employees can take online courses and further their skills. Our employees can log onto XPO University's interactive learning platform and enroll in professional training programs, such as Coaching

for Success and Leading a Safety Culture. Many of these programs are self-paced, while others are led by instructors. XPO University went live in the US and the UK in 2018, and we expect the full European roll-out to be complete in 2019.



In this short [video](#), newly hired team members talk about building exciting careers by redefining how goods move around the world using our technology.

- **The XPO Graduate Program** in Europe recruits talented individuals for tailored training opportunities, with the goal of moving them quickly toward management roles. In 2018, we are proud to have hired more than 85 young people, bringing the total number of graduates hired through this program to more than 240 across Europe since 2005. We also have a robust XPO Management Program that has trained 4,045 European managers in professional management skills.
- **Annual tuition reimbursement**, effective as of January 2019, is now available to every US employee—hourly and salaried—who wants to pursue continuing education. This career development program, which includes a \$5,250 annual benefit, was implemented following employee suggestions. To provide further support, we’re partnering with the University of Maryland, University of Notre Dame, Villanova University, Learning Tree International, and other academic entities to arrange discounted tuition for classes in-person and online.
- **Truck driver training** in the US is one of our largest educational initiatives. We offer free tuition at XPO driver schools, income while training, and an opportunity for graduates to gain full-time employment with XPO after earning a Class-A commercial license (CDL-A). Based at our LTL

locations, XPO’s driver training schools offer a 12-week program to prepare candidates to earn their commercial licenses. In 2018, we expanded our driver training school recruitment and conducted more than 150 training programs. We graduated 534 CDL-A candidates, all of whom now drive for XPO.

- **Investing in truck driver candidates** is important to XPO. In 2018, we introduced three new US initiatives to attract quality, career-minded drivers to our company: \$5,000 in tuition reimbursement for students of non-XPO driver training schools who come to work for us as professional drivers; accelerated training for qualifying military veterans; and a Fast Track program for experienced, independent truck drivers who want to work full-time with XPO.
- **XPO Apprenticeship Development Programs** in the UK provide opportunities for more than 630 apprentices across our supply chain and transport solutions businesses. We offer more than 20 programs across six levels, all of which are dual accredited, so in addition to completing an apprenticeship, colleagues also gain formal qualifications and accreditations. In some XPO locations, we’ve created bespoke apprenticeships for colleagues to learn skills specific to our customers.



In North America, our learning and development efforts culminated in 906,432 training hours for employees. In Europe, in total, our learning and development efforts culminated in one million hours of training for employees, an increase from 817,069 hours in 2017. XPO spent more than \$26 million (€23.2 million) on staff training in Europe.

People and Culture

Diversity and Inclusion

At XPO, we believe it's imperative that our company reflects the diverse makeup of the customers and communities we serve. Our focus on diversity is evident in our values and our [Code of Business Ethics](#), which specifically define XPO as being respectful and non-discriminatory. Our commitment goes beyond just *saying* the right things – we're determined to always *do* the right things. Results are only worthwhile when they come from behavior that's fair, respectful, lawful and honest. We take pride in a culture that welcomes women, people of color, LGBTQ+ individuals and those who are differently abled. In this way, we create respectful workplaces with a diversity of talents and perspectives.

Together with our employees, we're moving forward on gender equity through progressive workplace initiatives and the active recruiting and promoting of women in all roles. Our female executives, board members and managers serve as role models in our organization; many have received industry recognitions for their professional accomplishments.

Positive trends in our employee base include the following:

- Of all global hires in 2018, 30% were female. In North America, women comprised 31% of all hires, an improvement from 28% in 2017.
- In North America, we promoted 13% of women to management positions (director and above).
- Our continued focus on pay gap reductions through talent development and succession planning includes our *You Grow, We Grow* internal promotion policy in Europe. This policy has become a core part of our professional development strategy.

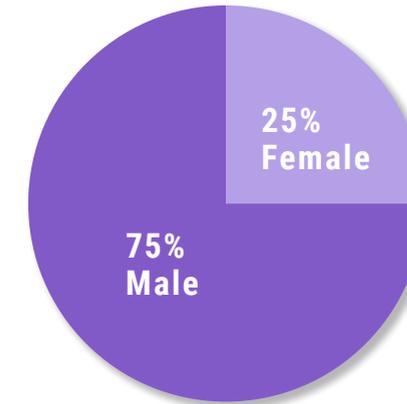
In 2018, we introduced the interactive Women's Inclusion Series (WISE). In 2019, we plan to introduce two new inclusion series to accompany WISE: Globe for people of color and Pride for members of the LGBTQ+ community. WISE, Globe and Pride will each host broadcast forums four times a year. We'll also launch corresponding communities within XPO's digital Workplace community forum to provide opportunities for ongoing dialogue among employees.

Looking ahead, XPO will participate at the 2019 International Pride celebration in New York City in June, where we plan to host a recruiting booth at the Pride Festival. We'll also launch a Diversity, Inclusion and Belonging Steering Committee to help shape the company's broader strategies around diversity and inclusion. Additionally, as part of our Frontline Leadership training curriculum, we'll introduce three courses: *Unconscious Bias* in April 2019, *Appreciating Differences* in August 2019 and *Managing Inclusion* in December 2019. These courses will be available to all XPO employees via XPO University.

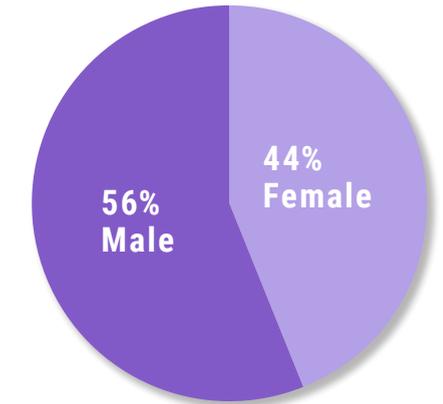
Supplier Diversity

Our company is a strong proponent of supplier diversity. In fact, many of our supply chain customer contracts include specifications about the diversity of suppliers, particularly those who provide contract or temporary talent. We provide competitive contracting and procurement opportunities to businesses owned by women, minorities, veterans and members of the LGBTQ+ community, as well as those owned by, or operated in support of, differently abled individuals. In addition, we support supplier initiatives that are important to their organizations and reflect our values. We also ensure subcontracting opportunities are inclusive and not evaluated based on race, color, religion, sex, age or national origin.

In 2018, the global demographic for all XPO employees was 25% female



Globally, XPO's supply chain workforce is 44% female and 56% male.



At XPO, we know that inclusion is the foundation of excellence and that diverse workplaces are more successful and innovative. One of our main goals is to give every employee the environment and tools they need to build the career they want.

– Meghan Henson, Chief Human Resources Officer, XPO Logistics



We categorize our sourcing as either direct or indirect:

- **Direct:** Suppliers providing goods that are an integral part of our business operations, such as tractors, trailers, tires, fuel and other items.
- **Indirect:** Suppliers providing products and services that keep our operations running, such as facilities maintenance, office supplies, janitorial services and MRO (maintenance, repair and operations) services.

While our procurement levels fluctuate, often according to customer needs, our largest supplier expenditures typically occur with items that are the lifeblood of our business – tractors and trailers in transportation, for instance, and warehouse shelving and equipment for logistics contracts.

We're seeing increasing opportunities to work with larger customers to thoroughly understand their diversity objectives. For example, in 2018, we attended a supplier forum hosted by a large automotive customer, where buyers and sellers discussed how to best expand on existing relationships to involve more women and minorities. We also have a diversity subcontracting plan specific to client requirements that has helped create growth in diversity spend and opportunities for suppliers to also increase their revenue.

Our salespeople understand that they have a role

as liaison when these opportunities arise. We want to make sure that the voice of the customer flows through to our procurement team so that we can meet or exceed targets for supplier diversity.



In March 2018, our distribution center in Easton, Pennsylvania, launched a new program, Differently Abled Employment Opportunity Initiative. We partnered with the Arc of Lehigh and Northampton Counties, Inc. to place differently abled employees in warehouse jobs and empower employees with a sense of mission through collaborative employment.



In this short [video](#), senior industrial engineer Malal Sow talks about his road to success with XPO after arriving in the US from his native country, Guinea.

Moving the World Forward

At XPO, we're providing many of the world's most prominent companies with innovative solutions that help them future-proof their supply chains. We believe that great technology in the hands of highly engaged employees is the ultimate way to differentiate our services and deliver tangible value to our customers and investors.



XPOLogistics

Moving the World Forward

Importantly, innovation is driving more than our own success and that of our customers. It's also pivotal to our ability to create positive change and contribute to solving pressing global challenges. For example, we're at the forefront of industry initiatives to limit the environmental impact of transportation and logistics services. Our efforts are focused on two areas: working to reduce the environmental footprint of our operations and collaborating with our customers on action plans to improve the sustainability of their supply chains.

Transportation: scale and sustainability

Many customers, particularly national or multinational companies, prefer to use large, multimodal service providers to manage more than one aspect of their supply chain. At XPO, we're in a strong position to serve shippers with a broad range of transportation modes: less-than-truckload, full truckload, last mile, expedite, intermodal, drayage and global forwarding, as well as managed transportation services. Customers of all sizes have the ability to leverage our scale as a way to gain efficiencies and control costs.

The extensive transportation capacity we provide has far-reaching benefits for our customers, the environment and the industry. In tight market conditions – when trucks and drivers are hard to come by – shippers often have to transact under less-than-optimal circumstances to get their goods moved. This can lead to inefficiencies, such as unnecessarily long routes or idle miles, reducing the sustainability of a shipper's supply chain. We use a blended model of contracted, owned and brokered truck capacity, which gives us the flexibility to select the optimal transportation solutions for each customer, taking all impacts into account.

Company-wide, we employ more than 24,000 professional drivers who transport goods using our fleet of owned and leased trucks and trailers.



Training is key to improving our environmental performance and raising awareness of these efforts among our employees. In Europe, in 2018, our employees completed 15,358 hours of training that was fully or partially devoted to understanding how to reduce environmental impacts.

Our drivers work primarily in our less-than-truckload unit in North America and in our full truckload operations in Europe. In 2018, XPO's gender-equitable compensation and benefits package helped attract a 30% increase in female LTL drivers, compared with the prior year.

Our transportation offerings for truck brokerage, drayage, expedite and last mile, as well as some European LTL, are provided by independent contractors who use their own drivers and equipment. As of December 31, 2018, globally, we had approximately 12,000 independent carriers and owner-operators under contract to provide services to our customers, and more than 50,000 independent brokered carriers

representing over one million trucks on the road.

We expect all independent contractors that contract with XPO and all our business partners to show a high regard for the environment, as this is important to our customers and to XPO. For instance, in Europe, where multimodal combinations of rail, river, sea and road transportation are sometimes feasible, we're using our technology to tailor door-to-door solutions that minimize carbon footprints. Our use of the Seine River in Paris is a good example. This innovative route, which primarily serves the Paris suburban area, reduces road congestion by eliminating approximately 40 truck runs a day.

Fleet Efficiencies and Upgrades

We believe that we have a responsibility to take a leading role in sustainability in our industry, given that we have the largest owned road fleet in Europe and we're a top three provider of LTL freight service in North America. We're making substantial investments and process improvements to continuously improve the fuel and energy efficiency of our fleet and facilities. Our goals are to keep reducing our carbon footprint and improve the efficiency with which we use resources.

Our fleet initiatives include modernizing our equipment, transitioning to alternative fuels when practical and using new technologies to become even more efficient at routing drivers, loading trucks and handling freight on our cross-docks. Within our LTL facilities, we also have energy-saving policies in place and a phased upgrade to LED lighting. Other conservation initiatives include the recycling of used motor oil to use as heating fuel.

- **In North America**, in 2018, we invested approximately \$90 million to purchase 500 new Freightliner Cascadia tractors, 270 Navistar International LTL tractors and 19 Freightliner M2 straight trucks, all of which meet Global Greenhouse Gas (GHG 2017) regulations. Our new trucks are 15-liter, 12-speed models that replace older, 13-liter models - they're more fuel-efficient and feature the most up-to-date safety technologies, including an anti-lock braking system, low air detection, traction control, collision mitigation, adaptive cruise control, roll stability, lane departure technology systems, on-board cameras and electronic on-board recorders. For our managed transportation unit, we purchased 30 additional Navistar International LTL tractors. Additional investments in 2018 included updates to our existing fleet, such as adding aerodynamic skirts to trailers to reduce drag.

- **In Europe**, we maintain one of the industry's most modern fleets: approximately 98% compliant with Euro V, EEV and Euro VI standards in 2018, and with an average truck age of about 3 years. In 2018, we expanded our fleet of alternative fuel vehicles as part of our commitment under the CO₂ Charter to cut total vehicle GHG emissions by 6% over a three-year period and reduce other air pollutants.

In Spain, we operate government-approved mega-trucks that are 25 meters long and carry a maximum load of 60 tons, compared with the standard 40 tons. Due to their larger capacity, mega-trucks can reduce road miles and cut CO₂ emissions by as much as 20% for the same freight volume. In France, we've invested in liquified natural gas (LNG) trucks that reduce fine-particle emissions and generate up to 70% less NO₂ emissions than the limit permitted by the Euro VI Standard.

We contribute to the adoption of zero-emissions vehicles in Europe; for example, in 2018, we used electric vehicles to move freight a total of 12,580 kilometers within the city of Florence, Italy.



In 2018, XPO was named a Green 75 Supply Chain Partner by Inbound Logistics for the third consecutive year based on four benchmarks: measurable green results, innovation in sustainability, continuous improvement and industry recognition. We were recognized for both our transportation and logistics operations.



Since 1977, XPO's trailer manufacturing operation has set the industry standard for refurbishing and recycling LTL trailers. In 2018, this XPO unit processed 1,719 trailers, refurbished 1,289 units and demolished 931 units. When we build a new 28-foot trailer, 86% of the construction is reused or recycled materials. With a refurbished trailer, 94% of the material is reused or recycled.

Moving the World Forward

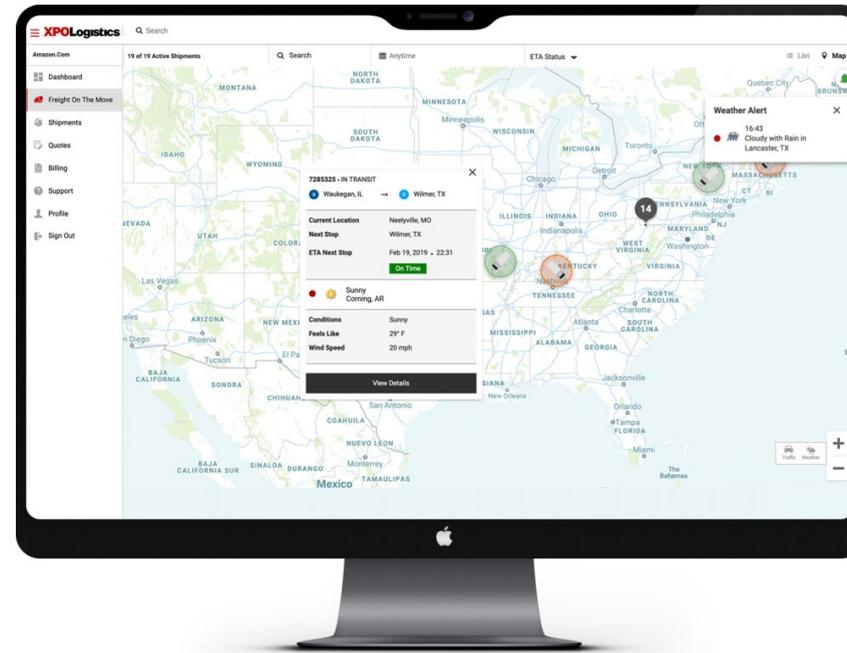
Sustainability through Technology

XPO is pioneering data-driven transportation solutions that improve productivity, help our customers compete, empower our employees and deliver value for our investors. In our truck brokerage operations, for instance, more than half of the volume is now handled electronically.

One of our most exciting introductions in 2018 was [XPO Connect](#), a digital freight marketplace that matches supply and demand across our transportation ecosystem. This proprietary platform gives our customers access to sophisticated analytics and tools for contracting and managing freight. XPO Connect gives our customers a comprehensive, real-time view of freight movements, available carrier capacity and market conditions that could impact shipments, including geo-location, weather conditions and traffic.

Essentially, XPO Connect is redefining visibility as business intelligence. By providing a high level of visibility to shippers and carriers, the technology helps both parties make informed decisions about transacting. Optimal shipper-carrier matches help reduce empty miles (backhauls after freight is unloaded), which in turn reduces emissions and wasted fuel. In the US alone, an estimated 750,000 trucks travel daily with underutilized capacity. Our mission is to capture that capacity for our customers with the utmost efficiency.

We launched XPO Connect with our brokerage business in April 2018, and we're steadily adding modes and layering in new analytics. Because we can interface XPO Connect with other transportation management systems, our customers can benefit quickly when we launch new capabilities on the platform. For example, we added a new counteroffer



feature powered by machine learning that automatically negotiates for freight in real time. This has led to productivity improvements, as more shippers and carriers can reach an agreement.

Carriers use XPO Connect through the Drive XPO app – a suite of procurement and productivity tools that display income opportunities based on geography, timing and equipment specifications. Proprietary algorithms provide trend analysis of spot rates, driving conditions and other factors that impact bids. The app helps drivers be more efficient with refueling, layovers, traffic avoidance and other daily decisions that

are good for customer service, as well as help improve fuel economy and reduce emissions. Carrier adoption of Drive XPO has doubled roughly every three months since its launch.

While we maintain one of the largest technology operations in the industry – approximately 1,700 technologists worldwide, including 100 data scientists – we're diligent about making sure that we innovate in the most efficient environments possible. Our company inherited several legacy data centers and systems from acquired operations in different regions of the world. In 2018, with all integrations essentially complete, we reduced the number of physical data centers from 21 to six, while strengthening the cybersecurity of our network.

Sustainability through Optimization

We know that while our business has an important role in facilitating the global exchange of goods, we also leave an environmental footprint. We're committed to reducing the impact of our operations on the environment, especially with regard to climate change, greenhouse gas emissions and biodiversity.

For many customers, the transportation components of their supply chain account for a significant portion of their CO₂ footprint. We collaborate with contractual customers to develop action plans that reduce their emissions through tactics such as route optimization and load consolidation, and we benchmark progress against goals (see fleet information under Fleet Efficiencies and Upgrades).

In 2018, we began using machine learning and artificial intelligence to enhance pickup and delivery management and increase truck and trailer

utilization. We developed an LTL loading system that uses machine learning and computer vision, rather than traditional measuring tools, to evaluate how to pack a trailer as efficiently as possible for loading and unloading, route by route.

Over the past year, we improved our LTL load factor – the amount of weight carried by a trailer when it moves freight. An improvement in load factor doesn't just help improve fuel use and minimize CO₂ emissions; it can also translate to lower use of other resources, including packaging.

In parts of Europe, we use a CO₂ calculator that we co-developed through our partnerships with the French Ministry of the Environment and the French Environment and Energy Agency (ADEME). This tool was the first Bureau Veritas-certified CO₂ calculator in the industry.

When we transport customers' freight using our own trucks, our CO₂ calculator determines the CO₂ emissions based on distance, type of miles and freight characteristics. We report these calculations at the request of customers and use the data for our internal green initiatives. In this way, our goals are aligned with our customers' goals.

When appropriate for customer-specific requirements, we seek to reduce CO₂ emissions by recommending multimodal solutions or we may explore the use of alternative fuels. For one customer, we invested approximately \$900,000 (€800,000) in electric vehicles that we use for last mile deliveries to homes in Spain, the UK and France. We've also tested electric vehicles in other markets, such as the US and the Netherlands, and we plan to deploy five electric vehicles for a US customer in early 2019.



XPO supports Franprix, a French supermarket chain owned by Groupe Casino, in its commitment to sustainability. Our multimodal transport solution for Franprix supplies 200 stores in central Paris via a combination of river transport by barge and road transport, reducing road congestion. We launched this solution in 2012 with 26 containers; today it averages 40 containers daily, conveyed by barge from outlying ports into the heart of Paris.



SmartWay® Partnership

We track our fuel economy in the US in keeping with our commitment to environmental responsibility as a SmartWay® partner, a program of the US Environmental Protection Agency. XPO is a longstanding participant in SmartWay® and an Excellence Award winner. We've improved fuel economy through the purchase of advanced tractor technology using 15-liter engines paired with state-of-the-art, 12-speed transmissions. We've also outfitted our entire fleet with aerodynamic trailer skirts.

Our SmartWay® transportation partnership:

- Provides a comprehensive system for tracking, documenting and sharing information about fuel use and freight emissions across supply chain activities;
- Helps XPO identify efficient freight carriers, transport modes, equipment and operational strategies to improve supply chain sustainability and lower costs;
- Supports global energy security and offsets environmental risk for companies and countries;
- Reduces shipping-related climate change and air pollutant emissions by accelerating the use of advanced fuel-saving technologies; and
- Is supported by major transportation industry associations, environmental groups, state and local governments, international agencies and the corporate community.

At XPO, we support:

- Assessing mobile source-related air quality problems and developing sophisticated modeling tools;
- Establishing national standards to reduce emissions from on-road and non-road mobile sources of pollution;
- Implementing national mobile source standards through certification processes and in-use monitoring strategies;
- Developing fuel efficiency programs and technologies that reduce the emission of greenhouse gases from the transportation sector; and
- Applying resources for researching, evaluating, and developing advanced technologies for controlling emissions, as well as developing new strategies for greater fuel efficiency.



Moving the World Forward

Supply Chain Logistics: Efficiency and Innovation

At XPO, we provide our logistics customers with solutions that help them realize the greatest possible value from their supply chain investments in the most efficient manner possible. We work closely with companies to look at the full supply chain and identify opportunities. Whether we're providing a solution that transforms the entire flow of goods, rethinking how inventory is managed, or combining several of our services into a custom solution, we can fit the way a customer operates.

Customers choose XPO for logistics because we're a technologically advanced partner that helps them manage their own customers' satisfaction. One large tailwind comes from the retail sector, where e-commerce is growing by double-digits and many brick-and-mortar retailers are moving toward an omnichannel strategy – a combination of in-store and e-commerce fulfillment.

As with transportation customers, logistics customers are placing increasing importance on the sustainability of their supply chain operations. This is an area where we've already set an example in our industry, and now we're building on that position. Through a combination of internal initiatives and our collaboration with forward-thinking customers and suppliers, we're determining the best sustainability practices to move the industry forward and help our customers reach their goals.

Continuous Innovation

One of the most important things that sets XPO apart in the industry is our position as a technology pacesetter. We're innovative and fast-moving, and we can handle complex contract logistics implementations. We're also extremely adept at e-fulfillment and reverse logistics – two



XPO is the second largest contract logistics provider worldwide, with approximately 190 million square feet (18 million square meters) of facility space. Approximately 91 million square feet (8 million square meters) of that space is in the US, where we're a market leader in logistics capacity. Our supply chain solutions include: data-driven warehousing and distribution, inventory management, e-commerce fulfillment, cold chain solutions, reverse logistics (returns management), packaging and labeling, factory support, aftermarket support, and order personalization services, such as laser etching. Additionally, our logistics teams provide highly engineered, customized solutions and supply chain optimization services, such as volume flow management, predictive analytics and advanced automation.

Moving the World Forward

“We’ve taken conscious steps around the globe to weave sustainability into our strategy and business model. Our customers have their own green objectives, and we’re finding new ways to help them grow efficiently while leaving a smaller ecological footprint.”

– Troy Cooper, President,
XPO Logistics



CarbonNet

CarbonNET (CNET) is XPO’s proprietary, cloud-based GHG calculator technology. It assists our sites in documenting emission sources, activity data and CO₂ calculations. This information is valuable for our operations, customers and voluntary disclosures. We continue to integrate data sources into our CNET platform to improve our understanding of GHG emissions in our operations and pinpoint the areas of opportunity.

of the fastest-growing areas of contract logistics in today’s on-demand economy. Reverse logistics, in particular, can be a complex service, requiring inspections, testing, refurbishment, repackaging, return-to-retail or disposal, refunding and warranty management.

Our rapid-fire development of logistics innovations speeds the movement of goods, while enhancing the workplace for our employees and reducing waste within our facilities. The same is true of the process improvements we implement. We focus on cutting-edge technologies that move beyond traditional thinking, such as drones that monitor inventory levels, cobots, goods-to-person systems and other technologies that make our warehouses safer and more efficient. We’re also adopting leading-edge, low-carbon sources of energy within some of our facilities. In Europe, for example, we’re choosing solutions based on CO₂ and ammonia for our refrigerated facilities.

In October 2018, we announced plans for the rollout of 5,000 cobots throughout our logistics sites in North America and Europe. These smart cobots work alongside our employees, handling the repetitive retrieval, lifting and carrying of goods. The cobots are autonomous and self-learning, and they’ve dramatically reduced the amount of walking and lifting our employees need to do – they bring heavy racks of goods from warehouse storage areas to the fulfillment stations, where our workers can pick and pack 48 orders simultaneously. This reduces the order fulfillment time from hours to minutes in many cases. Each cobot can move a rack weighing approximately 1,000 to 3,500 lbs.

Beyond robotics, we’re deeply invested in harnessing big data and advanced analytics to power our operations. We’ve developed predictive

analytics that can forecast the future rate of product returns; we use this information to work with our e-commerce and retail customers, helping them prepare for seasonal surges and reverse flows. These same analytics help reduce idle inventory – which costs our customers money – by providing accurate, just-in-time stock level management.

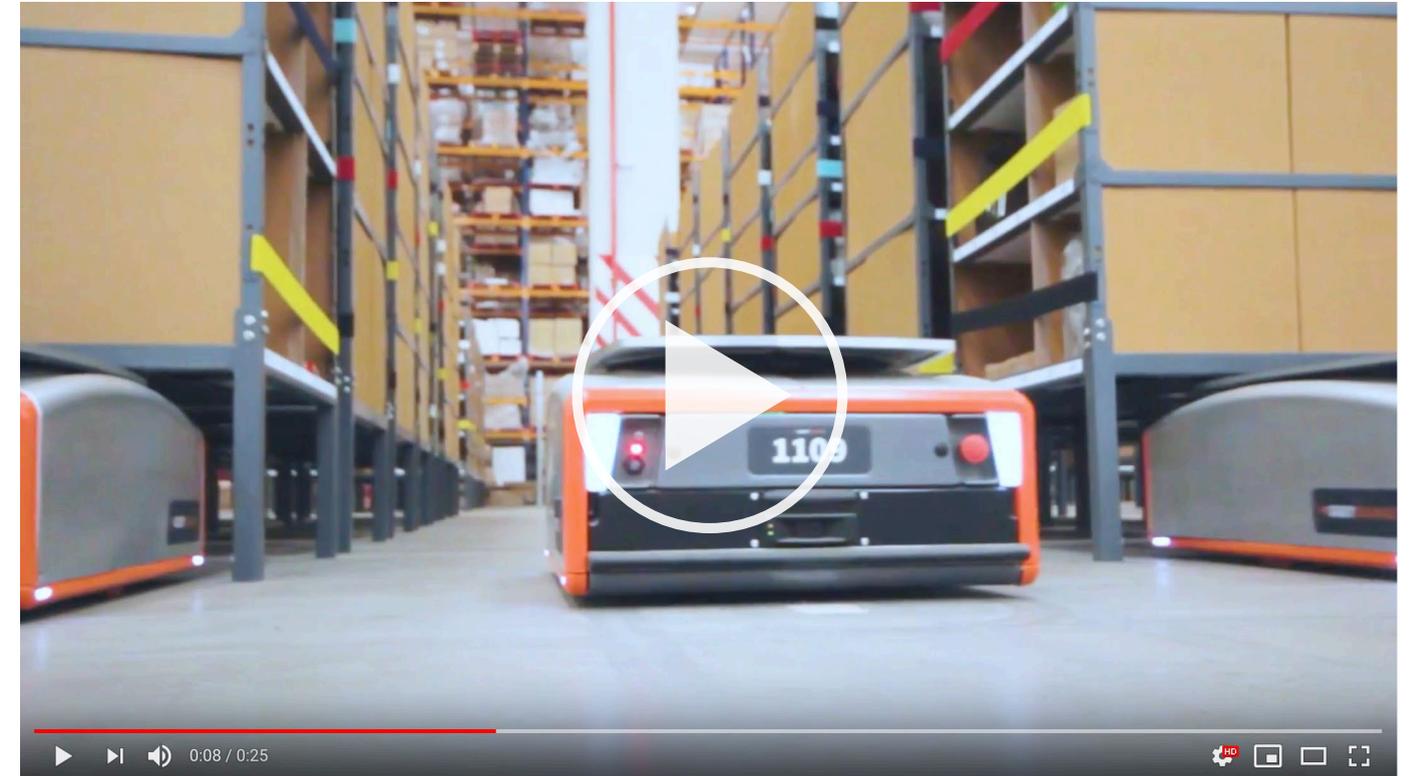
All these solutions are controlled with our next-generation warehouse management system, a major technology introduction for XPO in 2018. Our platform dramatically speeds up the integration of robotics and other advanced automation, helping us ramp up new projects quickly for our customers.

Another major introduction in 2018 was the launch of XPO Direct, an expansive network of shared-space warehouses, last mile hubs and cross-docks in North America. XPO Direct delivers on sustainability through higher utilization of facilities, people and technology, a reduction in the multiple movements of goods, and shorter truck routes on average.

In 2018, we grew XPO Direct to more than 90 facilities, giving the network national coverage, with sites strategically placed within one- or two-day delivery of the majority of the US population. This is particularly attractive to retailers and manufacturers who value the ability to flex their reach without taking on large fixed costs. Large customers can essentially “rent” our capacity for contract logistics, last mile, less-than-truckload, labor, technology, transportation and storage.



In 2018, we managed more than 170 million returned items through reverse logistics, routing them to resale or disposal in ways that satisfy our customers' sustainability objectives.



This [video](#) shows how XPO is using cobots in our logistics facilities as part of a modular goods-to-person system controlled by our proprietary warehouse management technology. It makes the entire fulfillment process more efficient, as well as safer for our employees and for our customers' goods.

Moving the World Forward

Partnering for a Sustainable Future

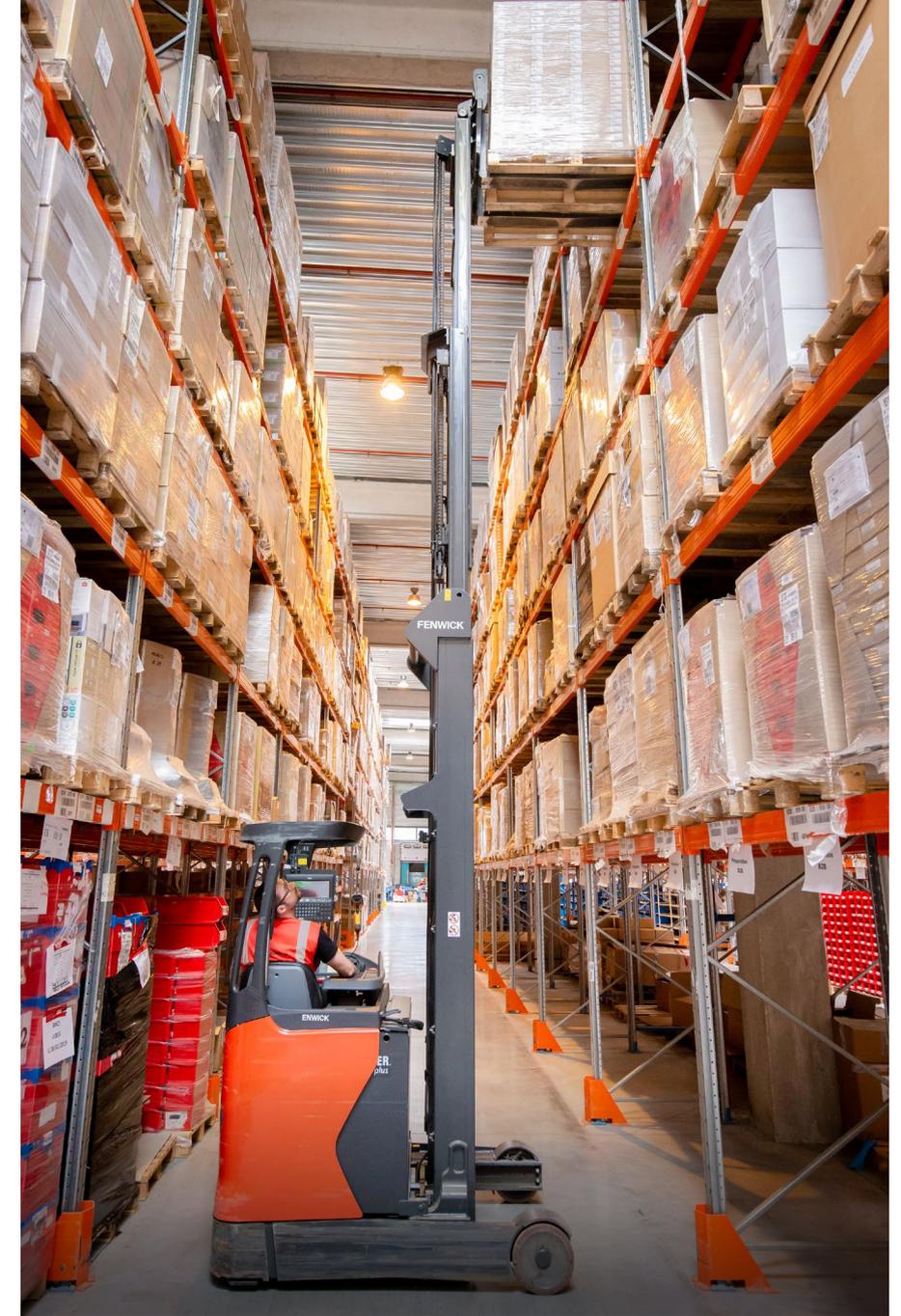
Our logistics customers include some of the most recognizable names in retail, food and beverage, technology, aerospace, wireless, industrial and manufacturing, chemical, agribusiness, life sciences and healthcare. We view each customer relationship as a long-term strategic partnership, working closely together. Sustainability is typically given a high priority by our customers during these collaborations.

In 2018, we announced a groundbreaking partnership with Nestlé, the world's largest food and beverage company, to co-create a warehouse of the future for consumer packaged goods. This exciting collaboration is expected to create a 638,000-square-foot distribution center and digital innovation lab in the UK. Sustainability measures include environmentally-friendly ammonia refrigeration systems, energy-saving LED lighting, air-source heat pumps for administration areas and rainwater harvesting.

XPO is investing \$77 million in this site, which is scheduled to open in 2020 and will feature state-of-the-art automation, including advanced sortation systems and robotics. The digital ecosystem will integrate predictive data and intelligent machines and will house an XPO technology laboratory. The site will operate as both a think tank and a launch pad for our innovations, which can then be deployed on the cloud across our network.

In addition to leading the wave of innovation in areas such as robotics, we're diligent in ensuring environmental and regulatory compliance. This is evidenced by the ISO14001 certifications at 54% of our sites in Europe, as well as our framework of sustainable policies and procedures. These include:

- Energy efficiency evaluations performed prior to selecting warehouses to lease, and energy-efficient equipment purchased when feasible;
- Programs in place at approximately 95% of our warehouses aimed at reducing energy consumption year-over-year;
- Reductions in idle facilities and other resources, as our cloud-based warehouse management system integrates technology efficiently for contract start-ups;
- Fuel emissions from forklifts monitored at our logistics sites, with protocols in place to take immediate corrective action if needed;
- Millions of electronic components and batteries recycled annually as a byproduct of reverse logistics operations;
- Packaging engineers who ensure that the optimal carton size is used for each product slated for distribution;
- Recycled packaging utilized when feasible;
- Reusable kitting tools, manufactured by XPO, used for the installation of parts in customer operations; and
- Employee training – in 2018, warehouse workers in Europe received a total 8,170 hours of environmental protection training that covered waste sorting, energy-saving measures, use of new technologies and environmental accident prevention.



In North America, our supply chain operation uses nearly 5,000 material handling devices, such as forklifts. Of those, 79% are battery powered.

“Nestlé has entrusted XPO with the digital architecture for its future vision. Together, we will create limitless opportunities to explore new technologies in a state-of-the-art logistics environment, with far-reaching impacts on the way business is done.”

– Richard Cawston, Managing Director, Supply Chain – Europe, XPO Logistics



Utility Usage Reductions

A large part of our sustainability efforts focuses on reducing electricity usage at our warehouses and distribution centers using state-of-the-art LED lighting, including retrofitting LED lighting into existing older facilities and installing LED lighting in new facilities. While retrofitting existing facilities can be challenging from a financial perspective – our warehouses are leased based on our customers’ requirements for an average of three to five years – we always review the operational lighting requirements for each customer and align new fixture locations with the light levels required for the areas of the operation, such as receiving, shipping, storage and processing. In North America, we’ve installed LED lighting in approximately 35 new facilities, and we’ve retrofitted 11 facilities, eliminating the use of older, inefficient high bay high-intensity discharge (HID) fixtures, as well as more modern but still less efficient fluorescent fixtures.



Moving the World Forward

Packaging Initiatives

Proper packaging is an essential component of sustainable logistics operations. XPO partners with national providers of packaging that are certified by the Sustainable Forestry Initiative and that have manufacturing capabilities in the same markets in which XPO operates to both support local economies and minimize the ecological impact of transporting packaging over large distances. Our packaging engineers develop designs that incorporate state of the art technologies and materials that minimize material and labor waste to give our customers the most cost effective and ecological designs. For example, in 2018, we assisted customers with packaging redesigns to convert non-recyclable packaging from Asia to curbside recyclable, locally-sourced packaging, lessening landfill demand and improving the carbon footprint of packages. We also assisted a client in a green initiative by converting from polymer-based void fill (i.e., packing peanuts) to a renewable void fill that had similar protection abilities. We also redirected more than 200,000 scrap pallets from landfills to recyclers.

XPO packaging engineers ensure that the optimal carton size is used for each product slated for distribution. This reduces waste while still protecting the product during shipping. In addition, we partner with packaging manufacturers to design the best possible protection for awkward or hard-to-ship products, such as countertops.

The safety of goods in transit goes hand-in-hand with sustainability; undamaged goods reduce product and packaging waste and mitigate the use of facilities, labor, trucks and fuel required to replace them.



In 2018, a customer asked XPO to help it achieve aggressive sustainability objectives at a 30-year-old 1.5 million square foot site in the midwestern US. For guidance, we turned to the US Green Building Council and followed their Leadership in Environmental and Energy Design (LEED) framework for commercial interiors. We subsequently achieved LEED Gold certification after months of cross-functional collaboration and an investment of \$1 million. Some of the LEED-related features that were installed in this facility, in addition to LED lighting, included:

- High-efficiency, low-water-usage utility faucets and plumbing fixtures to reduce domestic water consumption.

- Water efficient landscaping which requires little water use and no permanent irrigation systems.
- Exterior bicycle storage areas and employee changing rooms.
- The elimination of CFC-based refrigerants in all air conditioning units.
- The ongoing collection and storage of materials for recycling (cardboard, glass, plastic, etc.).

This process has assisted us in sharing proven methods, policies and procedures, helping others to potentially advance the sustainability of their buildings and operating cultures.

Waste Management

While our transportation operations are responsible for the most significant portion of our carbon footprint, the majority of our waste generation occurs within our logistics operations. Our warehouses have environmental management practices in place to reduce the production of waste and encourage the use of recycled products. In addition, we sort and recycle waste at all our facilities.

While protecting human health and the environment, our US waste management program is designed to achieve sustained regulatory compliance with local, state and federal waste regulations and laws. New regulations are monitored on a weekly basis and operations are continuously evaluated against requirements to determine actions to ensure compliance.

Although 95% our sites generate minimal amounts of regulated waste, our training modules, corporate policies, job aids and written instructions provide the necessary framework to fulfill compliance obligations to identify, manage, store and dispose of regulated waste. Furthermore, we provide oversight to our waste vendors by ensuring waste profiles and shipping papers are accurate. Compliance assurance is accomplished through internal environmental audits, external third-party audits and sharing of Best Management Practices.

We've set up several partnerships with waste collection and optimization professionals. Against this backdrop, XPO is constantly seeking new channels for recycling and optimizing waste. We now reuse wood pallets when possible, instead of discarding them upon their initial use. We also have channels to sell pallets for reuse or recycling.

In 2018, our global operations improved waste management metrics over 2017:

- **In North America**, our logistics operations generated 81,605 tons of waste in 2018, 99.4% of which was non-hazardous. Approximately 34.5% of waste was recycled, an improvement of 4.5% compared to 2017. We also recycled millions of electronic components and batteries in North America as a result of our reverse logistics operations.
- **In Europe**, our logistics operations generated 97,778 tons of waste in 2018, 93.2% of which was non-hazardous. Approximately 78% of waste was recycled, up from 77% in 2017. In 2018, Europe's food waste amounted to 3,193 tons.

Stormwater Management

In North America, our stormwater policy outlines all responsibilities and procedures to be followed to maintain compliance with all country, federal, state and local stormwater regulations and ordinances. All sites are expected to adhere to a Stormwater Pollution Prevention Plan which provides Best Management Practices to prevent pollutants from impacting stormwater. Over 98% of XPO supply chain sites are eligible for Stormwater No Exposure Certification, demonstrating our

commitment to maintaining pollutant free stormwater. Stormwater KPIs and permit obligations are continuously tracked and communicated to XPO leadership.

Construction and Decommissioning of Facilities

During the construction and decommissioning of our supply chain facilities, we consider environmental impacts, and we make every effort to incorporate the following:

- Install occupancy sensors on high bay light fixtures in the warehouse to minimize unnecessary energy usage for lighting;
- Provide thermal insulation in the warehouses to moderate high and low temperature swings to control energy usage and provide better employee comfort;
- Encourage the use of recycled materials (e.g., crushed concrete where gravel base is required) where available and technically feasible;
- Re-use pallet racking and other equipment; and
- Recycle copper wire, if we're required by a landlord to remove it upon our exit of a facility.



Our logistics operations account for approximately 7% of our company's climate change impact in Europe, primarily related to gas and electricity usage. As of today, we have 1,315,016 square feet of space in Europe with LED lighting. Additionally, all building construction and renovation work for our LTL network in France is automatically performed using technologies and materials that save energy in their manufacture.

Safety-first Collaboration

At XPO, our strong safety culture is rooted in how we think about our company and our personal responsibilities at work. We're a team that looks out for each other, our communities and our environment. Safety is our number one priority – it touches every aspect of our business, every XPO stakeholder and every member of the XPO family.



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XPO Logistics

Safety-First Collaboration

One of the ways XPO instills safety awareness is by empowering colleagues on the front lines through safety-first education, mentoring and on-the-job reinforcement. We use sophisticated safety systems on our trucks and trailers and a comprehensive safety management system to continuously improve our health and safety performance and maintain our regulatory compliances.

As a result, we have strong safety policies and programs, a sense of shared responsibility and a commitment to improvement. We're continuing to work across the organization to ensure that common reporting processes and KPIs are leveraged for the greatest possible insights and that best practices are always incorporated into our workplaces.

Road to Zero

A major building block of our safety performance is our Road to Zero safety program. Our goal is to achieve zero occupational injuries and illnesses, and to ensure emotional security for all XPO colleagues in our workplaces. We insist on zero tolerance of discrimination, disrespect, harassment, retaliation, bullying and other unacceptable behavior. We launched Road to Zero in 2016 in the UK and the program is now rolling out globally. This initiative encompasses employee training, compliance measures and safety disciplines. It also extends to our relationships with carriers and independent contractors.

Road to Zero promotes a safety-first culture through initiatives that are often tailored to specific operations. These initiatives fall under our Road to Zero mission, which prioritizes three main areas of investment:

- **Employee training.** We invest in accident prevention and safety training that meets or exceeds regulatory requirements.

- **Technology.** We provide employees with cutting-edge solutions to enhance safety and reduce physical labor.
- **Benefits and policies.** We provide a comprehensive benefits package for employees, as well as policies to help ensure their safety while at work. As one example, in 2018 in the US, we announced a new, stand-alone Pregnancy Care Policy to ensure pregnant employees receive certain automatic accommodations while at work, as well as consideration for more significant accommodations. We've proactively gone far beyond what is required by current US law.

Within XPO, the tailwinds that drive Road to Zero range from grassroots efforts to global initiatives. In 2018, we implemented dozens of ideas for Road to Zero, many of which were suggested by employees:

- Conducted 1:1 weekly webcam calls between leadership and more than 100 of the highest- and lowest-performing sites;
- Tracked and monitored leading indicator data for dock and yard injuries
- Implemented an electronic entry and tracking system for safety observations;
- Produced six safety leadership training modules for all frontline leaders, with a 98% completion rate achieved by year-end;
- Produced a safety leadership workshop for all frontline employees, with a 79% completion rate achieved by year-end. Additional sessions are scheduled for early 2019;
- Developed more than 20 lessons from critical incident templates and distributed them to field employees to facilitate sharing of lessons learned;

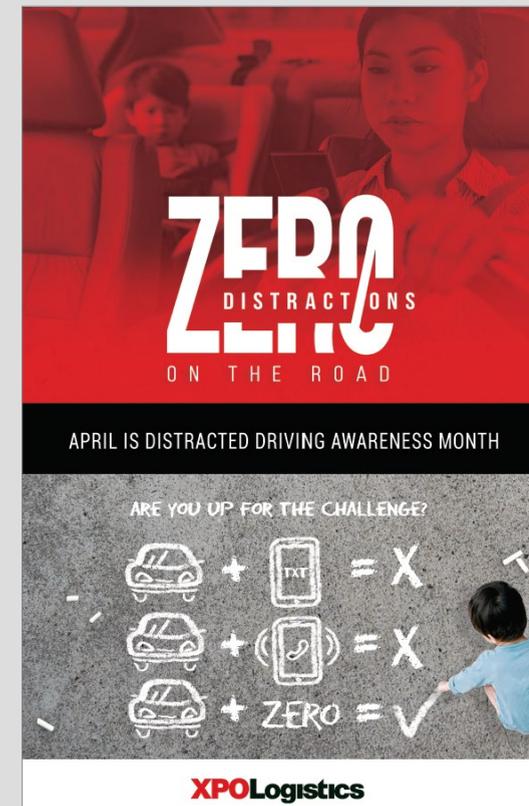
- Delivered and coordinated an extensive study of coupling devices, leading to a multi-year plan to refresh the age of dolly converter fifth wheels;
- Conducted a sleep study program to ensure the health and safety of drivers;
- Reduced distracted driving by 37% year-over-year through a successful campaign with accountability for policy compliance; and
- Delivered coaching for DriveCam cornering.



In 2018, our US supply chain employees collaborated to recommend additional safety measures, including installing safety hooks to prevent trailer doors from swinging wide and color-coded inspection sheets to track the use and maintenance of forklifts.



In this short [video](#), Malcom Wilson, Chief Executive Officer, Europe, describes the Road to Zero initiative: “Our vision is to build a culture in which everyone is empowered to do whatever it takes to protect the health and safety of our colleagues and everyone we interact with.”



In April 2018, in conjunction with National Distracted Driving Awareness Month, XPO launched its Road to Zero Distracted Driving Challenge to help decrease distracted driving by employees and their families through a social media contest, app of the week, facility posters and video. The initiative resulted in a 37% reduction in distracted driving year-over-year.

Disciplined oversight is key to our safety performance and a foundation of all sustainability practices at XPO. Our operations perform safety audits and report regionally in North America and Europe. A dedicated department with local safety staff in each country of operation is responsible for quality, health, safety and environmental performance. Two important components of XPO’s corporate safety structure are our Global Safety Committee, comprised of safety leaders who meet on a regular basis to share best practices, and our Global Safety Summit, dedicated to defining the next steps for continuous improvement. Road to Zero is an example of a global program that is a direct result of the Global Safety Summit.

Safety-First Collaboration

Integrated Safety Infrastructure

Road to Zero bolsters our company's broader safety initiatives, which include a range of global programs:

- Training for customer dockworkers;
- Training for XPO employee drivers and independent owner-operators;
- Management system tracking of safety performance and regulatory compliances, such as Occupational Safety and Health Administration (OSHA) recordable rates and PIT significant incidents;
- Automated, real-time monitoring of carrier safety ratings, insurance qualifications and operating authorities;
- Corporate and local safety professionals based in all XPO operating regions;
- Programs that reduce cargo damage and improve cargo security; and
- Rigorous tracking of US preventable road crashes and injuries in line with OSHA requirements.

In Europe, we have three operations-specific safety programs:

- **Safe Driving Plan.** Introduced in the 1990s, this comprehensive program provides our drivers with ongoing training in defensive driving techniques and the avoidance of accidents and road hazards. Drivers are required to take the safety training when they first join XPO, at the six-month mark and every 18 months thereafter.
- **Ensemble pour la Sécurité** (All Together for Safety). This workplace safety program was introduced in France in 2015 and extended to our broader European transport business in 2016. The

program aims to minimize the frequency and severity of accidents by establishing clear procedures for prevention. One of the program's key initiatives is management awareness through training, with the goal of supporting a proactive approach to continuous safety improvement. A safety charter posted at site entrances highlights each site's performance record and ten individuals are currently assigned to help prevent workplace risks. In 2018, we performed more than 8,000 preventative actions, including safety flash updates, training, safety text messages, safety meetings, use of protective equipment, safety audits, safety events with customers and designated safety awareness days.

- **Safe Handling Plan:** This program focuses on the safety of our warehouse and order fulfillment teams in our company's logistics facilities in Europe. The program enhances on-site risk prevention by measuring safety performance against pre-set objectives. A component of ongoing education reinforces the training our colleagues receive when they first join XPO, such as safe practices for the manual handling of goods. In 2018, all new XPO hires and all agency workers received training under the Safe Handling Plan.

Our European operations track three key safety indicators: Crash Rate, Lost Time and Lost Days. The rates vary between individual operations but, on average, XPO's rates are lower than industry averages.

Our Crash Rate metric tracks road safety performance based on the number of at-fault accidents declared to insurance companies, divided by one million kilometers. In 2018, our transport operations in Europe had three accidents per one million kilometers.

The Lost Time and Lost Days metrics record the frequency and severity of at-work incidents that prevent a person from returning to work the next day:

Supply Chain Lost Time Incident Rate

(includes data from France, Poland, Italy, Russia, Romania, Spain, Netherlands and UK)

	2018	2017
Cumulative	36.401	37.309
Average	3.033	3.109

Transport Lost Time Incident Rate

(includes data from France, Poland, Germany, Iberia, Romania and UK)

	2018	2017
Cumulative	62.819	64.380
Average	5.235	5.365

Supply Chain Lost Days Rate

(includes data from France, Poland, Italy, Russia, Romania, Spain, Netherlands and UK)

	2018	2017
Cumulative	700.172	993.851
Average	58.348	82.821

Transport Lost Days Rate

(includes data from France, Poland, Italy, Russia, Romania, Spain, Netherlands and UK)

	2018	2017
Cumulative	3706.503	4768.675
Average	308.875	397.390



One of XPO's sites in Huntsville, Alabama, makes catalytic converters for a major automaker and has been accident-free for more than 10 years. How do they do it? Consistent repetition of safety training, says Operations Manager Kevin Howlett. "It's daily safety talks during pre-shift meetings. Just consistent, daily reinforcement of what it takes to stay safe."

Celebrating 180 of our Safest US Drivers



Mark Tomondi



Adrian Williams



Andy Sise



Darryl Einsele

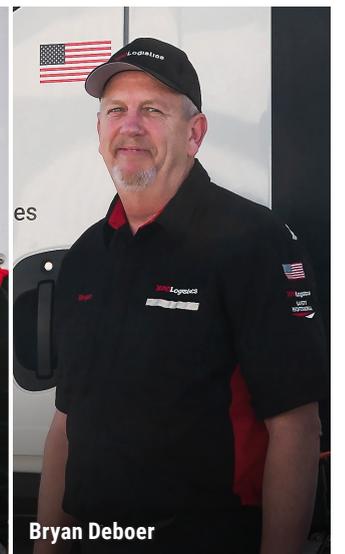
In 2018, XPO celebrated the achievements of 180 US drivers who travelled more than one million, two million or three million consecutive miles without a preventable accident. We had 150 drivers reach one million, 23 drivers reach two million and seven drivers reach an astonishing three million miles – a total of 217 million accident-free miles between them.



Mike Peters



Troy Irvin



Bryan Deboer

Safety-First Collaboration

Industry-Leading Driver Safety Programs

Worldwide, XPO truck drivers travelled more than 1.4 billion accident-free miles (approximately 2 billion kilometers) in 2018 – the equivalent of more than 56,000 times around the Earth.

In North America, we believe that our network of commercial driver training schools is a major factor in our superior safety performance on the road. Led by veteran XPO drivers, our 12-week training program is designed to prepare new drivers to earn their CDL Class-A commercial license, while teaching them the specifics of driver safety.

Our commercial driver training includes 160 supervised hours behind the wheel with a driver-trainer, in addition to 80 hours of classroom study on federal and state highway laws, regulatory and safety rules, vehicle safety inspection techniques, and defensive driving skills. In 2018, XPO offered several incentives in North America to attract high-quality candidates to its driver schools, including:

- Tuition-free training, saving a student driver as much as \$5,000;
- The opportunity to earn income as an XPO dockworker while attending driver training;
- Fast Track training for certified CDL-A independent drivers seeking employment with XPO; and
- Accelerated training for qualified military veterans with service experience as a driver.

In the UK, XPO is leveraging its safety expertise to promote broader education about road safety. In 2018, our company continued its partnership with Brake, a UK-based road safety charity, by donating

funds and equipment for community demonstrations on road safety. Additionally, XPO provides resources for Brake to support individuals who have been involved in or witnessed a road accident.

XPO also participates in the STARS program (School Teaching Awareness in Road Safety) with UK schoolchildren aged 5 to 11 years old. We encourage all our employees to adopt sustainable driving practices and gladly support employee efforts to promote safety in their communities.

Safety Technologies

Technology provides unprecedented insights into workplace environments in real time, helping to improve safety for our employees and other stakeholders. In our transportation operations, we use sophisticated safety systems aboard our trucks and trailers. These systems feed data into our fleet analytics software and, on a unit-by-unit basis, give us an understanding of the strengths and weaknesses of individual drivers. This helps us coach our drivers more effectively.

All the new trucks we purchase – and about half of our global fleet in total – have collision mitigation technology, lane departure technology, cameras and radar. Other onboard technology includes an electronic stability control feature that automatically corrects vehicle speed to prevent potential rollover incidents.

In our logistics facilities, we use cobots to retrieve, lift and carry goods and automate pallet shrink-wrapping, customizing goods-to-person systems and automated sortation, and deploying other technologies that make our warehouses safer and more efficient. Outside our facilities, we use security robots, nicknamed C3XPO, to patrol parking lots and look for anything out of the ordinary.



In August 2018, 27 XPO drivers qualified through state competitions to compete in the 2018 National Truck Driving Championship (NTDC) in Columbus, Ohio. The prestigious event recognizes the safest professional truck drivers in our industry in six categories. XPO drivers brought home three NTDC awards: Second Place, 4-Axle, Andy Rynearson; Second Place, Twins, Wilbert Vano; and State Team, Brandon Hardy.



Our drayage transportation is provided by independent owner-operators under contract with XPO. These independent drivers and fleet owners use their own trucks to serve our customers. In 2018, 1,403 drayage contractors were recognized by XPO for safe driving. We vet our contractors carefully to help ensure that our customers receive safe, reliable service from these quality suppliers.



The Blackburn brothers – Kyle, Scott and Tyler – of Fremont, Indiana, are LTL drivers who each graduated from XPO’s driver training program, attracted by the opportunity for professional development, well-paid careers and time at home every night with family and friends.

Hazardous Materials

XPO has deep expertise in handling hazardous materials according to regulatory compliance expectations. We have an environmental policy for each country where we operate, underscored by common risk prevention measures. Our policies are embedded in our safety approach and designed to protect people, goods, buildings and the environment.

In our logistics operations, we strive to prevent emergency situations by taking a two-pronged approach: closely monitoring the compliance of our sites and training our employees to learn from and not repeat environmental incidents. We do this by creating a case study whenever an incident arises. This practice may lead to the adoption of new

environmental procedures internally, which we test under real-life conditions as much as possible. Before putting a new procedure into effect, we consider the physical facility, the nature of the goods, the specifics of the incident, and any impacts on other parties.

In our transportation operations, our domestic less-than-truckload networks in France, Spain and the UK include vehicles equipped for carrying hazardous materials. The drivers of these vehicles are trained in hazardous materials transport in accordance with applicable regulations. In North America, our brokerage network provides access to similar trucks and drivers supplied by independent carriers. In our less-than-truckload unit in North America, all our trucks are equipped for hazardous transport.

Governance and Compliance

The best way to guarantee our success and the success of our stakeholders is to perform to the highest standards of business conduct – not just with large projects, but in the small ways we interact daily. We're proud that Fortune magazine named XPO one of the World's Most Admired Companies again in 2019. It reflects how others see us and shows that we're earning trust.



Governance and Compliance

In our view, there's only one way to reach our goals: by doing business the ethical way. Our strong governance structure, including a diverse board of directors with independent committees, serves to reinforce our commitment to operating with integrity. This informs all aspects of our sustainability efforts, including our company's ability to create safe workplaces, serve our customers extremely well, foster the success of our employees and be a good corporate citizen to our communities.

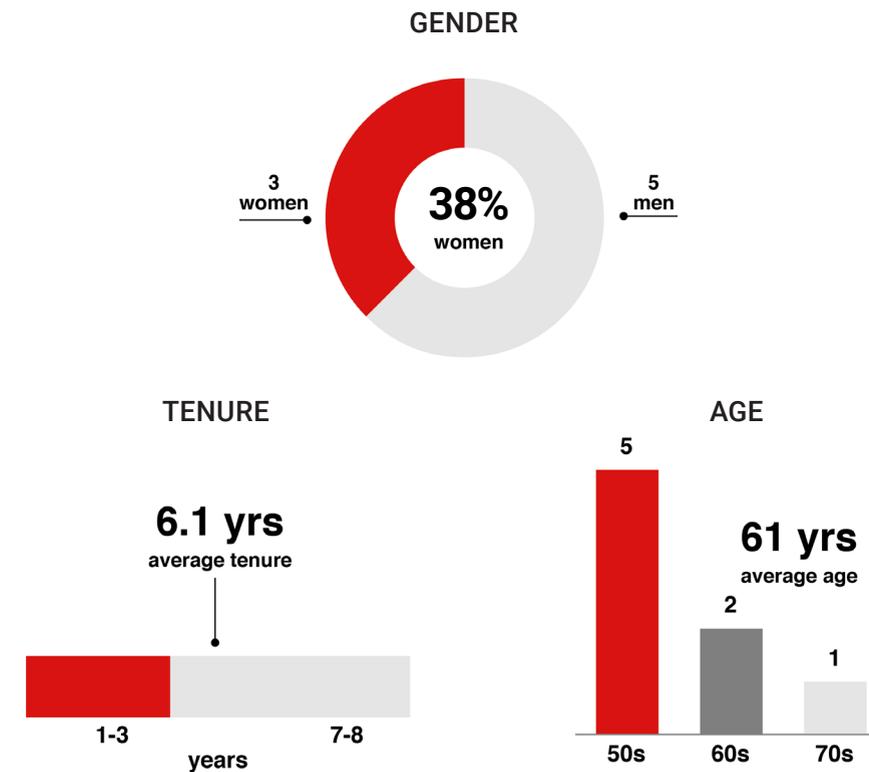
Board of Directors

Our company's robust corporate governance structure enables our board to strike the right balance between decisive leadership and rigorous independent oversight of management. Our eight-member board is comprised of five men and three women and is highly independent. Currently, seven out of XPO's eight directors are independent, three of whom have been added to the Board since 2016. The XPO board of directors is led by Bradley Jacobs, who serves as chairman and chief executive officer.

Board of Director Nominees

Our Board aims to create a team of directors with diverse experiences and perspectives to provide our complex, global company with thoughtful and engaged board oversight. When selecting new directors, our Board considers, among other things, the nominee's breadth of experience, financial expertise, integrity, ability to make independent analytical inquiries, understanding of our company's business environment, experience in areas relevant to our company's businesses and willingness to devote adequate time to Board duties, all in the context of the needs of the Board at that point in time and

with the objective of ensuring diversity in background, experience and viewpoints of Board members. Our Board also endeavors to actively seek out highly qualified women and individuals from underrepresented groups to include in the pool of prospective directors and has engaged in a purposeful process of regular refreshment as demonstrated by the following key metrics:



In 2015, we proactively declassified the board to require an annual election of all directors by majority shareholder vote. By adopting the standard of a one-year term, we help to ensure that the board's composition evolves to reflect the larger and more diverse company we've become.

To complement the roles of the committees and the committee chairs in providing effective independent oversight, the board established two leadership positions for independent directors – the lead independent director and the vice chairman. Michael Jesselson, an independent director of XPO who has substantial public company board experience,



has served as the Lead Independent Director since 2016. AnnaMaria DeSalva, an independent director of XPO since 2017, has served as Vice Chairman of the Board since February 2019.

To encourage open discussion without management's influence, XPO's Corporate Governance Guidelines require that non-management directors meet one or more times annually without the presence of management. To further facilitate independent oversight, the Corporate Governance Guidelines provide for board members' access to senior XPO officers and outside advisors.

Committee Roles

The board of directors has four standing committees:

- Audit Committee, which oversees the policies governing the company's risk assessment and risk management processes, among other duties;
- Compensation Committee, which assists the board with compensation plans for executive officers, including oversight of plan administration, among other duties;
- Nominating and Corporate Governance Committee, which identifies qualified individuals for directorships or committee appointments and oversees corporate governance matters, among other duties; and
- Acquisition Committee, which reviews acquisition, divestiture and related transactions proposed by management, among other duties.

Further details about XPO's Corporate Governance Guidelines and the responsibilities of each board committee can be found on xpo.com under the Investors tab.

Ethics and Compliance

As a global leader in our industry, we have a responsibility to hold ourselves to a high standard. Our XPO culture reinforces behavior that is fair, respectful, lawful and honest. We expect all individuals and companies affiliated with XPO to conduct business in the same manner.

In addition, we take extensive measures to ensure we comply with local laws and regulations. With the involvement of the Compliance Department team, XPO conducts site assessments to confirm that policies and procedures are being followed at our facilities. We also review sites that we acquire to ensure they too are fully compliant with our policies and procedures.

Code of Business Ethics

Our [Code of Business Ethics](#) is a comprehensive blueprint of XPO's business standards as they apply to directors, employees, management, suppliers and business partners. Employees receive the Code when they first join XPO and are trained during onboarding. They're required to acknowledge that they will abide by the Code.

In addition, the Code covers topics such as workplace safety, insider trading, conflicts of interest, discrimination, harassment, bullying, compliance and the reporting of concerns. XPO has Business Ethics Policies that additionally govern conduct, and some of our locations have specific policies that expand on the requirements of the Business Ethics Policies.

Ethics and Compliance Training

We conduct ongoing training, in-person and online, to instruct our employees about the XPO Code of Business Ethics, anti-bribery and



In 2018, XPO hired more than 36,000 new employees, all of whom received our Code of Business Ethics as part of their onboarding process.

Governance and Compliance

anti-corruption practices, trade compliance, corporate governance and other aspects of employment at XPO. These training sessions ensure that our employees understand our values and know how to put them into practice. Certain training programs are refreshed throughout an employee's tenure, and we expect to continue to expand the curriculum as our business evolves.

In 2018, we developed a series of online refresher programs for our Code of Business Ethics. This training is conducted through XPO University, our e-learning platform, in tandem with live training. XPO University is a powerful venue for delivering tailored training to specific audiences and countries. For employees who don't have easy access to digital devices at work, we arrange roundtable or other training and share the content in person at their sites.

Reporting Misconduct

Employee engagement is key to maintaining consistently strong ethical standards. We foster a "speak-up" culture where employees can stand up for what's right without fear of reprisal. Our employees know that they can voice concerns to a supervisor, human resources representative or compliance officer, and they have multiple places to turn if they prefer a different route:

- The Ethics Hotline, a toll-free telephone service operated by an independent third party 24/7/365, offers an anonymous reporting option where allowed by local law;
- www.XPO.ethicspoint.com, an online site for communicating concerns to an independent third party, offers an anonymous reporting option where allowed by local law; and
- A dedicated email box is monitored by XPO's Compliance Office.

Risk Management

XPO takes a proactive stance in preparing for risk; not just in our ability to respond to disruptions, but to anticipate them as well. This involves strategies for identifying potential risks and managing them in a disciplined manner through technology, contingency planning and other resiliency measures. Our organizational leaders and our board of directors pay rigorous attention to understanding risk from different perspectives, ensuring that all viewpoints are considered when crafting solutions.

Cybersecurity

The protection of our computer systems and data is a strategic priority for our company, and we invest in it accordingly. Our diligence extends to protecting the data of XPO employees, customers, suppliers, independent contractors and other business affiliates. We have multilayered security measures in place to protect our systems, networks and data, and to actively combat threats. As part of our cyber vigilance, we educate our employees about the critical role they play in maintaining email integrity, confidentiality and the privacy of personal information.

European Risk Committee

The European Risk Committee is a group of XPO senior leaders who meet quarterly to discuss and monitor potential risks in the European operating environment. The committee is chaired by the chief compliance officer and overseen by the chief executive officer in Europe. Members typically include business function leaders and corporate leaders.

The purpose of the European Risk Committee is to oversee all current risk exposures, including financial, legal, compliance, regulatory, security, safety, environmental, human rights and reputational risks.

The Committee also explores topics such as potential regulatory changes, trading changes and macroeconomic trends. Given the positive impact of the European Risk Committee, the company expects to implement a similar committee for its US operations in 2019.

Human Trafficking

XPO is committed to conducting business in a manner that respects the human rights and dignity of all people. We will not tolerate any conduct that contributes to, facilitates or encourages human trafficking, child labor, forced labor or compulsory labor. We support government policies in the US and other countries that combat human trafficking, and we expect our subcontractors and suppliers to respect human rights laws.



XPO employees have multiple ways to report concerns without fear of reprisal. Our EthicsPoint system permits telephone and online complaints, as well as anonymous complaints. Employees can also speak with a Human Resources representative or any manager or supervisor.

A woman with brown hair and glasses, wearing a dark blue blazer and a patterned scarf, stands in a warehouse. She is smiling and holding a white rectangular sign in front of her chest. The sign features the hashtag #WeAreXPO in a bold, sans-serif font. The background is a blurred industrial setting with yellow safety railings and overhead structures.

#WeAreXPO

Performance Tables



MANAGEMENT

1. Status updates
2. HOS
3. TIME OFF TRKS
4. Preplanned lds expected to c
5. Mitigate ISSUES
- 6.

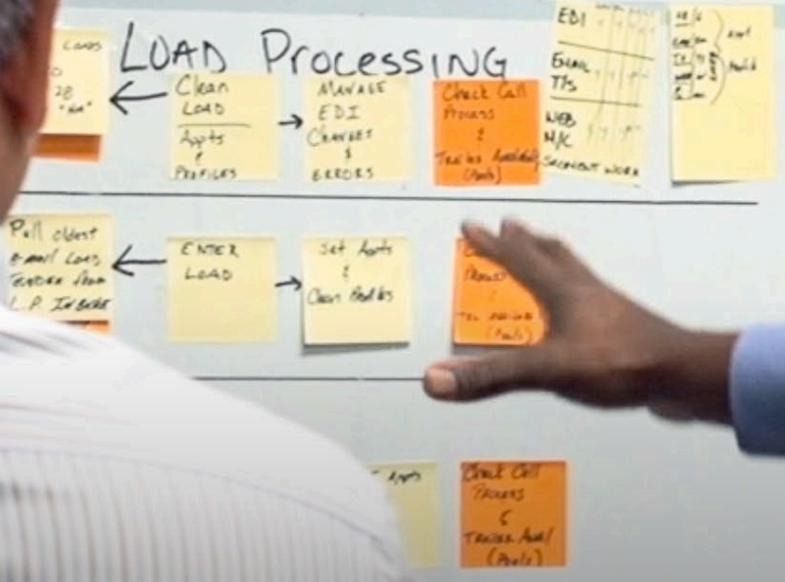
- Service - Emails, Homeowners (Trucking), Load Scan, P/Pop
- Resolving Issues - Customer shipments, Account Billing
- True Acct Mgr.
- Tracing - E, P, Web

- Operational Trip Contract Functions
- Ownership of all the shipments
- Phones roll path Go thru entire process
- Customer that gets load offers.
- Website ownership booking/qualifying!
- EDI load acceptance qualifications
- Negotiate responsibility
- Passing on secured to load booking group

Test process (Next step - Separated week of 3/7/14)

Trip Contract is signed w/ Rate Confirmation

LOAD PROCESSING



Mgmt
Bookings
Files
's
er Mgmt
Auto accept
merge loads
errors
changes

Performance Tables

Global Operations (\$ millions)			
	2018	2017	2016
Total revenue	17,279	15,381	14,619
Cost of transportation and services	9,013	8,132	7,887
Direct operating expense	5,725	5,006	4,616
SG&A expense	1,837	1,661	1,652
Operating income	704	582	464
Gross margin	4.07%	3.78%	3.17%
Income tax expense (benefit)	122	(99)	22
Net income	444	360	85
Total assets	12,270	12,602	11,698
Total stockholders' equity	3,970	4,010	3,038

Performance Tables

2018 Workforce	Total	Female	Male
Total Employee Headcount	101,149	24,283	71,608
Employee Headcount by Region¹			
Asia	1,855	-	-
Europe	48,928	11,330	35,753
North America	48,924	12,950	35,828
South & Central America, Other	1,442	3	27
North America Workforce by Contract²			
Permanent	48,924	12,950	35,828
Temporary	15,466	962	1,098
Permanent Headcount by Type²			
Full-time	47,856	12,809	34,905
Part-time	1,068	141	923
Permanent Headcount by Category²			
Executive	67	8	59
Vice President	233	33	200
Director/Sr. Director	418	85	333
Manager	5,503	1,259	4,230
Individual Contributor/Non-Manager	42,703	11,565	31,006

¹ Data is for Employees and does not include Contingent workers

² Data is for US/Canada only

Performance Tables

2018 Percentage of Women in Workforce - Europe

	Supply Chain Europe Segment	Transport Solutions Europe Segment	Corporate Offices
Drivers	0.9%	1.6%	-
Manual workers	30.3%	8.8%	-
Employees	47.3%	51.1%	75.6%
Managers	28.0%	30.7%	47.9%

2018 Headcount Breakdown by Age Range - Europe

	2018
56 years and over	13.1%
46-55 years	26.5%
36-45 years	26.5%
26-35 years	25.4%

Performance Tables

2018 Employee Training (Average Hours) - North America

	2018
Hourly employees ²	12.9
Salaried employees ²	23.3
Drivers	60

²Based on active users in XPO University in the United States and Canada

2018 Employee Training (Average Hours) - Europe

	2018
Drivers	20.6
Warehouse workers	15.7
Office workers	20.6
Managers	56.8

Performance Tables

2018 Safety Metrics (Direct Employees)³ - North America

	Supply Chain Segment	Transportation Segment	
		LTL Business Unit	NA Transport Business Unit
Total recordable injury rate	1.32	6.91	1.48
Fatality rate	0.0058	0.01465	0.0
Occupational disease rate	0	0	0.0
Lost day rate	8.84	107.57	48.70
Absentee rate	0.15%	0.85%	0.07%
Number of work related fatalities	2	3	0.0
Number of road accidents and incidents	17	527	171

³Where appropriate, we incorporated safety metrics for contract worker into the metrics for direct employees.

2018 Safety Metrics - Europe

	New Methodology		Former Methodology	
	2018	2018	2017	2016
Frequency rate of work related accidents ⁴	3.5	17.5	16.1	17.6
Severity rate of work related accidents ⁵	115.0	0.58	1	0.6
Rate of absenteeism	5.00%		4.9%	

⁴In late 2017, a new safety reporting methodology was introduced in our European operations to align with UK safety metrics, resulting in changes to how we calculate severity and frequency rates. The frequency rate is now calculated based on the number of lost-time industrial accidents, multiplied by 200,000, and then divided by the theoretical number of hours worked.

⁵The severity rate is now calculated based on the number of days lost due to industrial accidents, multiplied by 200,000, and then divided by the theoretical number of hours worked.

Performance Tables

2018 Safety Measurement System BASIC Percentiles - North America

	Supply Chain Segment ⁶	Transportation Segment	
		LTL Business Unit	NA Transport Business Unit
Unsafe driving	0.23	5%	19%
Crash indicator	19%	33%	14%
Hours-of-service compliance	0.88	26%	59%
Vehicle maintenance	3.60	47%	60%
Controlled substances/alcohol	0%	0%	0%
Hazardous materials compliance	0.00	92%	2%
Driver fitness	0%	47%	60%

⁶ Supply Chain Segment figures for "Unsafe driving," "Hours-of-service compliance," "Vehicle maintenance," and "Hazardous materials compliance" are tracked and reported as a rate, not percentile.

2018 Supply Chain Metrics - North America

	Transportation Segment	
	LTL Business Unit	NA Transport Business Unit
Own Operations		
Total freight transport (metric ton-kilometers)	16,105,957,446	16,161,537,132
Total GHG footprint (metric ton CO2e/metric ton-kilometer)	0.0000628	0.0000612
Contract Carriers		
Total freight transport (metric ton-kilometers)	32,880,557,748	39,984,915,699
Total GHG footprint (metric ton CO2e/metric ton-kilometer)	0.0000729	0.0000600

Performance Tables

Energy - North America (mmBtu)				
Energy Consumption within the Organization	Supply Chain Segment		Transportation Segment	
	2018	2017	2018	2017
Propane	146,132	25,618	666,462	634,973
Diesel	15,706	18,167	13,545,163	13,377,779
Biodiesel	-	-	2,518,509	2,548,928
Compressed natural gas	-	-	2,950	5,345
Natural gas	515,947	383,226	173,711	144,630
Gasoline	1,078	1,720	14,147	14,232
Electricity	710,530	658,916	410,318	387,893
Energy Consumption outside the Organization	Supply Chain Segment		Transportation Segment	
	2018	2017	2018	2017
Gasoline	-	-	14,147	14,232
Diesel	-	-	-	3,228,776
Jet fuel	-	-	-	-

Electricity Consumption - Europe (kWh)				
	Supply Chain Europe Segment		Transport Solutions Europe Segment	
	2018	2017	2018	2017
Electricity consumed	348,938,633	361,953,031	26,922,226	27,280,947

Performance Tables

Facilities Fuel Consumption - Europe		
	2018	2017
Natural gas (m3)	6,602,174	7,279,508
Heating oil and Diesel (liters)	1,705,375	1,823,067

Greenhouse Gas Emissions - North America (metric tons CO2e)				
	Supply Chain Segment		Transportation Segment	
	2018	2017	2018	2017
Direct (Scope 1) GHG emissions	37,912	23,466	1,064,010	1,047,311
Indirect (Scope 2) GHG emissions	91,914	86,355	54,292	51,136
Indirect (Scope 3) GHG emissions	8,308	4,377	22,679	255,574

Greenhouse Gas Emissions - Europe (metric tons CO2e)				
	Supply Chain Europe Segment		Transport Solutions Europe Segment	
	2018	2017	2018	2017
Direct (Scope 1) GHG emissions	152,976	233,848	532,581	556,916
Indirect (Scope 2) GHG emissions	86,503	98,565	3,972	3,961
Indirect (Scope 3) GHG emissions	31,901	1,200	708,173	660,681

Performance Tables

Pollutant Emissions - North America (metric tons)				
	Supply Chain Segment		Transportation Segment	
	2018	2017	2018	2017
NOX				
Scope 1	-	-	-	2,094
Scope 2	65	61	40	38
Scope 3	-	-	-	13,969
S02				
Total S02 emissions	72	70	46	43
PM10				
Scope 1	-	-	-	48
Scope 3	-	-	-	452
PM2.5				
Scope 1	-	-	-	44
Scope 3	-	-	-	447

Performance Tables

Water Consumption - North America (gallons)

	Supply Chain Segment		Transportation Segment	
	2018	2017	2018	2017
Total water use	74,814,515	100,836,787	116,528,190	132,728,600

Waste - North America (metric tons)

	Supply Chain Segment		Transportation Segment	
	2018	2017	2018	2017
Total waste generated	21,713	11,438	31,288	27,552
Total materials recycled	20,344	13,081	7,823	6,330
Total hazardous waste	63	44	375	265

Waste - Europe (metric tons)

	2018
Total waste generated	97,788
Total materials recycled	78%
Total hazardous waste	6,650

SASB Reference Table

SASB Code	Accounting Metric	Category	Unit of Measurement	2018 Cross-Reference or Answer
Greenhouse Gas Emissions				
SASB - TR-AF-110a.1	Gross global Scope 1 emissions (metric tons CO2e)	Quantitative	Metric tons (t) CO2e	Performance Tables, p. 66
SASB - TR-AF-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	Moving the World Forward, p. 33-36, 40
SASB - TR-AF-110a.3	Fuel consumed by (1) road transport, percentage (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable	Quantitative	Gigajoules (GJ) Percentage (%)	Performance Tables, p. 67
Air Quality				
SASB - TR-AF-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM10)	Qualitative	Metric tons (t)	This data is not available at this time.
Labor Practices				
SASB TR-AF-310a.1	Percentage of drivers classified as independent contractors	Quantitative	Percentage (%)	Moving the World Forward, p. 32 2018 Form 10-K, p.5
SASB TR-AF-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Quantitative	Reporting currency	XPO will not disclose this figure, except to the extent material and required by SEC rules.
Employee Health & Safety				
SASB TR-AF-320.a1	(1) Total recordable injury rate and (2) fatality rate for (a) full-time employees and (b) contract employees	Quantitative	Rate	Performance Tables, p. 64
Supply Chain Management				
SASB - TR-AF-430a.1	Percentage of carriers with BASIC percentiles above the FMCSA intervention threshold	Quantitative	Percentage (%)	This data is not available at this time.
SASB - TR-AF-430a.2	Total greenhouse gas (GHG) footprint across transport modes	Quantitative	Metric tons (t) CO2e per ton-kilometer	Performance Tables, p. 65
Accident & Safety Management				
SASB TR-AF-540a.1	Description of implementation and outcomes of Safety Management System	Discussion and Analysis	N/A	Safety-First Collaboration, p. 46-51
SASB TR-AF-540a.2	Number of aviation accidents	Quantitative	Number	This disclosure is not applicable.
SASB TR-AF-540a.3	Number of road accidents and incidents	Quantitative	Number	Performance Tables, p. 64
SASB TR-AF-540a.4	Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance	Quantitative	Percentile	Performance Tables, p. 65



GRI 102: General Disclosures 2016*

GRI 102: General Disclosures 2016*		
Disclosure	Description	Cross-Reference or Answer
Organizational Profile		
102-1	Name of the organization	XPO Logistics, Inc.
102-2	Activities, brands, products and services	Company Profile, p. 10 2018 10-K, pp. 4-9
102-3	Location of headquarters	Greenwich, CT
102-4	Location of operations	Company Profile, p. 10 2018 10-K, pp. 4-9, 27
102-5	Ownership and legal form	2018 10-K, p. 1
102-6	Markets served	Company Profile, p. 10 2018 10-K, pp. 4-9, 11
102-7	Scale of the organization	Company Profile, p. 10 Moving the World Forward, p. 32 2018 10-K, pp. 4, 27, 30-31
102-8	Information on employees and other workers	Company Profile, p. 10 People and Culture, p. 20 Moving the World Forward, p. 32 2018 10-K, pp. 4-5
102-9	Supply chain	People and Culture, p. 29
102-10	Significant changes to the organization and its supply chain	People and Culture, p. 29 Moving the World Forward, p. 38
102-11	Precautionary Principle or approach	Governance and Compliance, p. 56
102-12	External initiatives	<ul style="list-style-type: none"> • Carbon Disclosure Project • Ecovadis • French Objectif CO2 award • ISO14001 • SmartWay
102-13	Membership of associations	About XPO Logistics, p. 12
Ethics and Integrity		
102-16	Values, principles, standards and norms of behavior	Our Values To Our Stakeholders, p. 6 People and Culture, p. 21 Governance and Compliance, pp. 55-56
102-17	Mechanisms for advice and concerns about ethics	Governance and Compliance, p. 56 Reports or ethical concerns can be submitted directly to the Compliance Office at ComplianceOffice@xpo.com . Additionally, employees located in the United States or Canada may submit a report through XPO's Ethics Hotline at (800) 638-1486 or our Ethics website at www.XPO.ethicspoint.com . If employees are located outside the United States and Canada, they can report through our Ethics website at www.XPO.ethicspoint.com or refer to the Code of Business Ethics for a local phone number. Concerns can be reported anonymously, unless otherwise prohibited by applicable local law. The Company's Code of Business Ethics contains additional information regarding reporting options. Additional information and guidance regarding this Policy can also be obtained from the Compliance Office at ComplianceOffice@xpo.com .

GRI 102: General Disclosures 2016* (Cont'd)

Governance		
102-18	Governance structure	Governance and Compliance, pp. 54-55
Environmental and social risks are considered, along with other material risks to the business, directly by the XPO Board of Directors.		
Stakeholder Engagement		
102-40	List of stakeholder groups	<ul style="list-style-type: none"> • Community representatives • Customers • Employees • Government regulators and agencies • Industry Competitors • Investors
102-41	Collective bargaining agreements	In the United States, XPO is negotiating collective bargaining agreements at seven locations covering approximately 300 employees. In the European Union, more than 66 percent of XPO Logistics employees are covered by a collective bargaining or similar agreement.
102-42	Identifying and selecting stakeholders	XPO considers stakeholder engagement to be a critical component of its success and commitment to conduct business with honesty and integrity. We're a global leader in our industry; an employer of 100,000 professionals across the world; a neighbor and partner in thousands of communities; and thousands of investors include XPO stock as part of their investment portfolio. As such, we believe it's essential to maintain open dialogue on issues ranging from workplace safety to technology investments with employees, customers, investors, elected officials, community leaders and others.
102-43	Approach to stakeholder engagement	
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> • Application of new technologies • Compensation package, including employee benefit programs • Emerging industry trends • Health and safety programs • Investment strategy • Workplace culture
Reporting Practice		
102-45	Entities included in the consolidated financial statements	2018 10-K, Exhibit 21
102-46	Defining report content and topic Boundaries	XPO Logistics conducted our first materiality analysis in 2018. The disclosures reported align with our material issues.
102-47	List of material topics	<ul style="list-style-type: none"> • Anti-Corruption • Emissions • Employment • Energy • Occupational Health and Safety • Training and Education
102-48	Restatements of information	None.
102-49	Changes in reporting	This is XPO Logistics' inaugural ESG report.
102-50	Reporting period	January 1, 2018 - December 31, 2018
102-51	Date of most recent report	April 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Sarah Sheldon, sarah.shelden@xpo.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core Option.
102-55	GRI content index	Performance Tables, pp. 72-75
102-56	External assurance	We did not seek external assurance for the report.

* XPO Logistics' 2018 ESG Report applies the 2016 version of the GRI Standards; "2016" refers to the Standards issue date, not the date of information presented in this report.

GRI 103: Topics and Topic Boundaries 2016*

GRI 103: Topics and Topic Boundaries 2016*		
Material Topic	Management Approach Cross-Reference	Relevant External Entities
Economic		
GRI 205: Anti-Corruption 2016	Governance and Compliance, pp. 55-56	Customers, Government regulators and agencies, Investors
Environmental		
GRI 302: Energy 2016	Moving the World Forward, pp. 33, 40-41	Community representatives, Customers, Government regulators and agencies, Investors
GRI 305: Emissions 2016	Moving the World Forward, pp. 33-40	Community representatives, Customers, Government regulators and agencies, Investors
Social		
GRI 401: Employment 2016	People and Culture, pp. 18-27 Moving the World Forward, p. 38 2018 10-K, p. 14	N/A
GRI 403: Occupational Health and Safety 2016	Our People and Culture, p. 21 Moving the World Forward, p. 38 Safety-First Collaboration, pp. 44-51	N/A
GRI 404: Training and Education 2016	People and Culture, pp. 26-27 Safety-First Collaboration, pp. 46-50 Governance and Compliance, pp. 55-56 2018 10-K, p. 14	N/A

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GRI 200-400: Topic-Specific Disclosures 2016*

GRI 200-400: Topic-Specific Disclosures 2016*			
Topic	Disclosure	Description	Cross-Reference or Explanation and Additional Information
Economic			
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Governance and Compliance, pp. 55-56
	205-3	Confirmed incidents of corruption and actions taken	There were five total confirmed cases of corruption: three resulted in dismissals and two received written
Environmental			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Performance Tables, p. 66
	302-2	Energy consumption outside of the organization	Performance Tables, p. 66
	302-4	Reduction of energy consumption	Moving the World Forward, pp. 33, 40-41
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Performance Tables, p. 67
	305-2	Energy Indirect (Scope 2) GHG emissions	Performance Tables, p. 67
	305-3	Other indirect (Scope 3) GHG emissions	Performance Tables, p. 67
	305-5	Reduction of GHG emissions	Moving the World Forward, pp. 33-36, 40
Social			
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People and Culture, pp. 22-23
			<ul style="list-style-type: none"> • Medical • Dental • Vision • Life Insurance • Short Term Disability • Long Term Disability • Paid Parental Leave • Tuition Reimbursement
	401-3	Parental leave	To Our Stakeholders, p. 6 People and Culture, pp. 22-23
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Safety-First Collaboration, p. 48 Performance Tables, p. 64
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	People and Culture, p. 27 Safety-First Collaboration, p. 50 Governance and Compliance, pp. 55-56 Performance Tables, p. 63
			Job/role specific training on the individual sites is not captured in the LMS and is two weeks or more per hourly employee. Drivers are required to take a mandatory 60 hours of training per year. No information is captured by gender
	404-2	Programs for upgrading employee skills and transition assistance programs	People and Culture, pp. 26-27 Programs for upgrading employee skills and transitioning into the company are provided through corporate and some job-specific onboarding training and new hire orientation. We do not have programs for transitioning
GRI 405: Diversity and Equal Opportunity 2016**	405-1	Diversity of governance bodies and employees	People and Culture, p. 28 Governance and Compliance, p. 54
GRI 416: Customer Health and Safety 2016**	416-1	Assessment of the health and safety impacts of product and service categories	Safety-First Collaboration, pp. 46-47

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**Additional disclosures not related to material GRI topics.

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